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SIR THOMAS GRESHAM



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SIR THOMAS GRESHAM

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THE
ROADMAKER
SERIES

SIR THOMAS GRESHAM

(1518-1579)

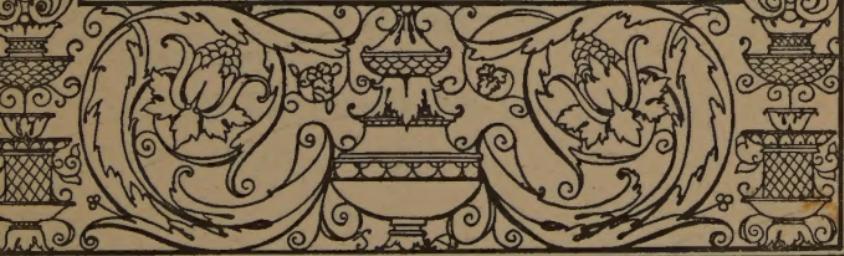
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To J.E.B.S.

PREFACE

IT may seem rash for one who is not an economist to attempt even a brief sketch of a man whose activities were so largely financial. But the general reader is probably interested not so much in technical details as in the wider question of social development as a whole, and in particular the action and reaction of political and economic forces. I have therefore tried to portray Sir Thomas Gresham in his relation to the general movements of his day, claiming for him no more than that he was a leader among those who made possible the splendours of the Elizabethan age. In this sense he may, I think, be fairly hailed as a “Roadmaker.”

F. R. SALTER.

MAGDALENE COLLEGE,
CAMBRIDGE.

July, 1925.

SIR THOMAS GRESHAM

CHAPTER ONE

“Spacious Days”

THE Elizabethan period is in some ways almost incredibly remote—almost as remote as our own early boyhood when we first heard of its glories, of the audacity of its adventures, of the magnificence of its men and women, in a word of its “spaciousness.” In that unconsciously golden age of our childhood, this other did indeed seem a real golden age, contrasting gloriously in every single particular with the drabness of what, even then, we felt to be a commonplace, though no doubt up to date, civilisation. That there was a drab side to that earlier age also we suspected as little as we imagined that there was any fine gold in our own period ; still less, that it was then that our civilisation first started to make itself up to date. And yet, of how many things did that age not see the beginning ? Of our

modern national literature, evidently enough ; of our modern national patriotism, pretty clearly ; and, closely allied with this, of our modern national Church, in a sense at least. But the age saw also the beginning of many of the social and economic problems of to-day, or, rather, the beginning not so much of the problems as of their attempted solutions ; the problems themselves had, for the most part, come into existence a generation earlier.

With the broad general lines of these new social questions we are tolerably familiar. They exemplify the obvious truth that the sixteenth century was a period of transition from the medieval to the modern world. In the *Anthony Anthony Roll* (preserved in the Pepysian Library at Magdalene College, Cambridge) there is a remarkable series of illustrations of the Navy as it existed in the reign of Henry VIII. The first ship portrayed is the famous *Harry Grace à Dieu*, and beneath the picture is an elaborate statement of the crew and equipment of the vessel. “Marriners” and sailors she had in almost equal numbers, while bows, bowstrings and arrows figure alongside “gonnes of yron and gonne of brasse.” It was indeed a transitional age. The new learning of More, Colet and Erasmus,

and their successors, flourished by the side of the crudest of old-world superstitions, and the Witch Hunts of Elizabethan England make as disagreeable reading as the activities of the Inquisition in Spain. The age saw nothing peculiar in husbands beating their wives as a matter of course, while re-marriages were frequent and re-remarriages also, to the third or fourth degree. We remember that Katharine Parr was the sixth wife of King Henry ; we do not always remember that he was her third husband, and not her last ! Even in the apparently most modern field of geographical discovery, old and new were closely blended. Columbus himself had hoped to endow a Crusade to the Holy Land out of the proceeds of his venture, and Drake and Hawkins brought back from their travels stories of weird, semi-human peoples such as would have done credit to a Marco Polo or a Mandeville.¹

There was the same blend of medieval and modern in the more specifically social problems of the time. Feudalism was an unconscionable time in dying, and its long-drawn-out

¹ This does, perhaps, rather less than justice to the Venetian explorer ; Mandeville is unique as a romancer, while Ibn Batuba and “ Blessed ” Odoric both come nearer to him than Marco Polo.

agony infected with sickness other members of the body politic. Changes in the agricultural organisation of the country (what is sometimes known as the decay of the manorial system) turned farming into a capitalistic venture, carried on for profit rather than for mere subsistence, and bringing the culture of sheep into a prominence hitherto not known. The towns, meanwhile, were finding that the royal charters of the past were, by their present use or abuse, making not for freedom and enterprise as earlier but for monopolistic cliques whose narrow exclusiveness was a heavy price to pay for technical efficiency. Consequently in the suburbs or rural districts where new towns were beginning to grow, an increasing number of craftsmen were to be found who had failed to serve an adequate period of apprenticeship and whose low-grade labour threatened with the severest rivalry the better goods turned out by the older and more exclusive "corporate" towns, to the ruin of these latter and the diminished reputation of English workmanship on the Continent. The trouble increased as more and more folk felt the pressure of the new agricultural conditions too much for them, even if the outcry against enclosure and depopulation was, as seems

“ Spacious Days ”

probable, much exaggerated : some took up their abode in these newer centres of industry, and others became vagrants, swelling the numbers, already great, caused by the disbandment of the feudal retinues after the Wars of the Roses and the anti-baronial policy of Henry VII. Hence arose a new and pressing problem, almost a menace. “ Tudor England lived in terror of the tramp.” The idea of destitution as a permanent, normal element in the life of the country appeared as a fresh and as yet barely imagined horror. A Poor Law system of some kind became a necessity. The effects of these various unfamiliar factors was greatly accentuated by the tremendous rise of prices which took place during the middle of the sixteenth century. Along with all this went, of course, great changes in the ecclesiastical system. Altogether, a new heaven and a new earth seemed to be arising : to the poorer members of society the new earth seemed not unlike the old hell, while the new heaven offered was remote and unsubstantial, if indeed one could be sure that such a place any longer existed.

There were very few factors in sixteenth-century England which were not the natural outcome of the Renaissance, wherever and

whenever it took place. The scholarship of Italy in the fifteenth century was better than anything that was to be seen in England for a long time to come, but Colet, Cheke, Ascham and Lyly were working (*longo intervallo*, no doubt) on the lines already laid down by Ficino, Vetterino, Lorenzo Valla or Barzizza. In the previous century Tiptoft and Duke Humphrey of Gloucester had been very similar to the contemporary noblemen of Italy, though, later, the conditions of Tudor England watered down the type into such folk as Raleigh and Essex, no less cultured and ambitious, but turning their activities into channels which were politically less disintegrating. Federigo of Urbino and Sir Philip Sidney, the finest representatives of the two races, are although not contemporaries by no means dissimilar in their essential characteristics.

The great age of literature which was just dawning in England bore the same marks of self-reliance and almost arrogant confidence as were the inspiring notes of Ariosto and Tasso, the English poets engaging, like them and unlike most earlier literature, on themes which demanded insight into character, enriched by a real love of natural beauty and an appreciation of the manifold potentialities of the human

“ Spacious Days”

spirit. Even in architecture, where the Tudor kings were slower than Francis I of France in learning from Italian masters, the Italian influence was clearly felt. As early as 1533, Bishop West's chapel in Ely Cathedral clothes the fan-tracery and general structure of the Perpendicular style in an outer cover of ornamenting that is purely Renaissance. Later on, although there are not many buildings which are entirely Italian in style, the essential marks of the Renaissance are clearly to be seen.

The masters of statecraft in its less attractive form, Wolsey, Cromwell, even Burghley himself, have clearly learned their lesson in an Italian school. They have read Machiavelli as well as the Bible ; they deal in *real-politik* ; they are true sons of the Renaissance. Furthermore, although the English Reformation was not in its origin as “Protestant” as the reformations in France and Germany, it would never have made the progress it did, or resisted so obstinately the reaction under Mary, if it had not been supported by a strong sentiment, obviously derived from the Renaissance, that no institutions, however venerable, are beyond the touch of criticism, and that even the foundations of doctrine may be overhauled from time to time.

Sir Thomas Gresham

The one word which covers the whole period of transition (if one word can possibly do so much) is Individualism, free play for individual enterprise and initiative ; and that, roughly speaking, is the spirit of the Renaissance and the antithesis of Medievalism. Medievalism must obviously not be dismissed or defined too crudely : it had its own forms of initiative and enterprise but it is doing it no injustice to say that those forms were not usually individualistic. We should emphasise rather the fact that alongside the intellectual, artistic and, ultimately, religious individualism of the Renaissance went a series of economic changes which in outlook and effect were no less individualist. The outer husk of medievalism remained, but the kernel was no longer "communalistic."

It is not easy to describe exactly the way in which, or the extent to which, individual self-interest was during the Middle Ages hedged about by ideas and institutions of a more communal kind. But the economic individualism of the sixteenth century is quite easy to understand, though unattractive to watch. Its workings may be seen from top to bottom of economic life. In the towns the exclusiveness of the guilds, making for the advantage of a few individuals, became ever more oppressive and

seemed ever less justifiable. The incessantly soaring prices made great differences to individual fortunes. In the rural districts the old feeling of neighbourliness gave place to sentiments of cold indifference towards the joys and sorrows of others. Men made fortunes quickly either from the commercial use they made of their lands, especially when given up to sheep farming, or from the monastic estates showered on his favourites by Henry VIII after the Dissolution. At any rate, the get-rich-quick attitude of mind of the profiteers of all ages was prominent, and moralising satirists like Crowley pleaded in vain for a return to the days when each man knew his station in life and kept to it. But the benefits of this new economic individualism accrued almost entirely to those who were lucky enough to be born with legal privileges on their side, the privileges of the landowner or the hereditary craftsman. For the man of character and initiative who did not start thus favoured the hour had not yet struck. For him, it was difficult to acquire capital and almost more difficult to borrow it : most difficult of all, perhaps, to use it to advantage when acquired, save through the existing channels of land and industry : the merchant prince was beginning to appear, but he was as

yet a new type, save when, like the de la Poles or the Boleyns, he began with some occupation other than trade, the control of landed estates perhaps, or the manipulation of the royal revenues and debts. The great family of the Greshams combined both these forms of activity. Apart from this, the triangular quarrel of Hansard, Stapler and Merchant Adventurer was still raging fiercely, and few big incomes were as yet being derived from trade alone.

In this age, when the forces of the future seemed all to be on the side of individualism, the attitude of the Government was by no means one of *laissez faire*. The problem of the tramp was clearly too menacing to be allowed to settle itself, while the frequent revolts of the agricultural population, due partly to economic and partly to religious causes, also necessitated government action, even though its prime object was usually the restoration of order rather than the removal of grievances. In the early years of Edward VI, the period of the Protectorship of Somerset, there was much governmental activity consciously directed for the benefit of the humbler members of Society, but the more government interference appeared, the more conservative it came to be in its general trend : the “good old days”

meant to Edward social stability based on customary, and often effete, arrangements : he was as blind to the advantages of the new individualism as he was awake to its drawbacks. Nevertheless, his reign helped to keep alive the old tradition of paternalism in economic matters, the old tradition of his predecessors : during the Middle Ages the king, naturally enough, had considered all affairs of public interest to be part of his province : he had not devoted very much time to social questions but there had been no idea of economic *laissez faire* as a set and determined line of action, or rather inaction. The first sign of any newer policy was the attitude towards the landlords and their commercialising activities during the reign of Henry VIII, and although they were strong enough to defeat the legislation which was aimed at them, the Government of the time by no means abdicated in theory its right, nay its duty, of controlling the minutest details of the economic life of the country : and so it continued all through the century, the Government meanwhile recovering by degrees the power of making its policy effective and, for the most part, acceptable.

Enough, perhaps, has been said by now, without going into further details, to shew that

there were definite limits to individualism, even in an age which seemed so predominantly individualist. The general shell of mediævalism remained and, in its resistance to any form of *laissez faire* at least, the attitude of the Government was more than half medieval. Nor were the “spacious days” so very spacious after all : there was much that was cramping and fettering the individual spirit in its attempt to break loose from its cage and soar aloft into an uncharted and unbounded heaven. The inventions and discoveries of the period did, of course, ultimately affect men’s whole outlook, just as *we* have been altered by the wireless and the motor-car : but it is to be doubted whether a new idea was, by itself and in itself, any more acceptable then than now, or any more likely to find an easy and immediate access to men’s minds : it could only penetrate after a long period of slow and anxious preparation. Tudor England was as little ready for Bacon as Victorian England was for Darwin.

CHAPTER TWO

A Note on the Gresham Family

THE family with whom we are concerned came originally from Gresham in Norfolk. So new is the scientific study of place names that a biographer of the Gresham family only half a century ago could write of them that "they seem to have given their name to the district"; exactly the reverse is, of course, the truth. Gresham means "grass-farm" and the family took its name from the village. The same writer goes on to say that some time in the middle of the fifteenth century James Gresham "transferred the family seat to Holt, a bleak and desolate spot on the northern shore of Norfolk, about four miles from the sea":¹ here, too, modern opinion will disagree, for Holt is now neither bleak nor desolate.

The son of this James Gresham lived principally in London, and had in his turn four remarkable sons, each of whom rose to a position of considerable importance as a merchant, so that our Thomas had good traditions

¹ For Bourne. *English Merchants*, p. 110.

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behind him. William traded with the Levant at the beginning of the sixteenth century and was subsequently Governor of the English merchants at Antwerp. Thomas the elder gave up commerce after seeing a ghost, and took instead to the life of a priest. The story is sufficiently curious to quote in full as told in Sandy's *Narrative of a Journey begun A.D. 1610.*¹

“ Strombolo . . . doth burn almost continually at the top like a beacon . . . these places (and such like) are commonly affirmed by the Roman Catholics to be the jaws of hell ; and that within, the damned souls are tormented. It was told me at Naples by an old countryman of ours and an old pensioner of the Popes, who was a youth in the days of King Henry, that it was generally bruited throughout England that Mr. Gresham, a merchant, setting sail from Palermo, (where there then dwelt one Antonio, called the Rich, who at one time had two kingdoms mortgaged unto him by the King of Spain,) being crossed by contrary winds, was constrained to anchor under the lee of this isle. Now about mid-day, when for certain hours it accustomedly forbeareth to flame, he ascended the mountain

¹ London. 1615. Pp. 248, 9.

with eight of his sailors ; and approaching as near the vent as they durst, amongst other noises they heard a voice cry aloud, ‘ Despatch ! despatch, the rich Antonio is a-coming ! ’ Terrified herewith, they descended ; and anon the mountain again evaporated fire. But from so dismal place they made all the haste that they could ; when the wind still thwarting their course, and desiring much to know more of this matter, they returned to Palermo. And forthwith enquiring of Antonio, it was told them that he was dead ; and, computing the time, they did find it to agree with the very instant that the voice was heard by them. Gresham reported this on his return to the King, and the mariners being called before him, confirmed by oaths the narration.” In Gresham himself, fearful that by further devotion to commerce he would bring upon himself a like fearful end, it was said “ it wrought so deep an impression that he gave over all traffic ; distributing his goods, a part to his kinsfolk, and the rest to good uses, retaining only a competency to himself, and so spent the rest of his life in solitary devotion.” He died in the reign of Mary, a prebendary of Winchester. It will perhaps be remembered that nearly a century before another famous

merchant, William Canyng of Bristol, had abandoned trade for the Church, ending his life as Prior of Westbury, but in this case the change came at the end of a long and active life and was not produced by any such startling occurrence as that which drove Thomas Gresham into priest's orders.

The two best known of the four brothers were Richard and John, both members of the Mercers' Company. Richard traded with Antwerp, Prussia and Bordeaux, while John's commercial activities took him also into the Mediterranean. Both brothers were knighted, and in 1537 Richard was Lord Mayor of London and John a sheriff ; to commemorate this they revived the " marching watch." This old ceremony, says Stow, " was now again used, both on the eve of St. John and St. Peter, in as comely order as it had been accustomed, which watch was greatly beautified by the number of more than three hundred demi-lances and light horseman that were prepared by the citizens to be sent into Scotland."¹ Bonfires were lighted and the festivities were sufficiently entertaining to attract the presence of Henry VIII and Jane Seymour. A more important work done by the brothers

¹ Stow. *Survey*. Ed. Kingsford I. p. 103.

in the same year was the restoration to their proper uses of three of the ancient hospitals in London ; Richard took the lead in this, pointing out to the King in a petition that these institutions had been in the first instance “ endowed with great possessions only for the relief, comfort and helping of the poor, and not to the maintenance of canons, priests and monks to live in pleasure, nothing regarding the miserable people living in every street.” This appeal, warmly seconded by John Gresham, was successful, and the well known hospitals of St. Mary’s, St. Thomas’s, and St. Bartholomew’s were no longer allowed to be merely pleasant homes for chantry priests. They were used for their original purpose, and became city property. This is an early example of an important tendency of the sixteenth century, to wit, for the municipality to play more part than formerly in public affairs. About this time some of the more up-to-date towns of England (and of the Continent) began to evolve poor law organisations of their own, far in advance of any national system, and municipal supplies were established, sometimes of food to sell cheap in bad times, and sometimes of flax to form a kind of relief work for the unem-

ployed. Of John's more personal achievements should be noted the handing over to the municipality of the London "Bethlehem" (Bedlam) or madhouse, and the foundation in 1536 of the famous Gresham's School. For this latter purpose he bought from his eldest brother William the family house at Holt, an attractive building still standing at the end of the High Street. This served as the main school structure until the present fine buildings were erected, largely through the munificence of the Fishmongers' Company.

Richard Gresham from time to time did useful services to the King as a financial agent, but he does not seem ever to have had any official title or to have occupied any permanent post. Thomas Gresham was his youngest son, born, probably, in 1518 and educated at Gonville and Caius College, Cambridge, where he was, according to Dr. Caius, one of the first undergraduates of the reorganised foundation.¹ Boys went to the University young in those days ; Wolsey, we know, was only fifteen when he took his degree at Oxford,

¹ Formerly it had been Gonville Hall founded in 1348 by Edmund Gonville. Dr. Caius enlarged the scope of the foundation and added his name to it in 1557, so that it is impossible for Gresham to have belonged to the new College, as Dr. Caius claimed.

and Gresham at the age of sixteen was apprenticed to his Uncle John (having already taken his B.A.). He was admitted a Freeman of the Mercers' Company in 1543 and seems to have prospered greatly in his calling from the very beginning. It was also in these quite early days that he began his connection with official work, being employed as early as 1543 on behalf of the Crown in a purchase of gunpowder at Antwerp. He was well launched on his successful career and did not have to go through the "day of small things," of slow grind and persistence in dull routine, which is so often the fate of the commercially ambitious. He had two brothers one of whom, knighted after Pinkie, became, in the female line, ancestor of the Neville family (the Braybrooke Barony,) while the other, also in the female line, became the ancestor of the Earls of Bath. Thomas Gresham was less magnificent in his family connections (though his wife was by marriage an aunt of Francis Bacon) but he played far and away the most influential part of any of them in the life of the time. It was not without significance that he began his public career in the reign of Henry VIII, so that he had personal knowledge of the social problems with which that king had found himself unable to

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cope. He was a man of the transition period, not only in the sense that the sixteenth century as a whole was an age of transition, but in the sense that within that century Elizabeth grappled, not unsuccessfully, with problems which had defeated her three immediate predecessors, while Gresham, who worked so hard for her, had worked also in the three earlier reigns. The Gresham family traditions and his own experience fitted him well for the heavy labours that lay in front of him.

CHAPTER THREE

Gresham's Law

THE reign of Henry VIII undoubtedly created more problems than it solved. A sinister legacy was handed on to Edward VI and his first adviser, the Protector Somerset. Of the agrarian troubles and the closely allied question of the rivalry of "corporate" towns and rural or suburban areas it is not necessary to say any more for the present. It is rather with the position of the public finances and the prosperity of the merchants that interest chiefly lies. On these points, quite clearly, there was considerable apprehension. The Crown owed large sums of money, mainly to creditors on the Continent, while the merchants complained that trade was almost at a standstill. How had these two difficulties come into being? What steps were taken to overcome them?

To deal first with the royal debt: earlier in the century England had been to some extent able to play the part of arbiter of European affairs, holding the balance between France and the Empire, and this position she had

owed to her strong financial resources. Of Henry VII it has been said that "his subjects paid him to levy war and his enemies bribed him to refrain":¹ he certainly got subsidies from Charles VIII and Louis XII as well as from his own Parliament. In addition to this his personal parsimony, which the textbooks would have us believe was the only trait in his character, and the scarcely less notorious exactions of his financial agents allowed him to maintain a full Treasury, which he handed on undiminished to his successor. Henry VIII, however, was an extravagant young man: he wished to pursue a spirited foreign policy, expensive though it was likely to be, and at the same time to live easily and luxuriously at Court with the gratification of every whim and a good deal of ostentatious hospitality. All this meant spending money, and the full Treasury began to be depleted. He looked round for other sources of income, and the wealth of the monasteries lay ready to hand.² It has been estimated that the net annual value of the houses suppressed was not

¹ Pollard. *Reign of Henry VII from Contemporary Sources*, vol. I, p. 53.

² This is not, of course, to be taken to mean that he dissolved the monasteries purely for the sake of enjoying their revenue.

less than £130,000, and although much was given away to courtiers and a comparatively small amount spent in pensions to monks,¹ enough came the King's way to give him temporary relief from his embarrassments.² But the relief *was* only temporary, and three years later he debased the currency, largely increasing the alloy and base metal without affecting its nominal value ; from this transaction there came considerable profit ; moreover, during these latter years money had been borrowed, almost entirely abroad, to such an extent that the charges for interest and redemption amounted to £40,000 a year.

That there was a great and disconcerting rise of prices in the middle of the century could not be denied. That it was adversely affecting most classes of the community was no less evident, although a few, a very few, folk seemed to be gaining. But the cause was by no means agreed upon by the men of the time. “ Ignorant of the force which sweeps them out of the ancient ways,” says Mr. Tawney, “ . . . they

¹ and, in a few cases, to endowing new dioceses.

² To put sixteenth century figures into modern equivalents they should, roughly speaking, be multiplied by 12 for the first half of the century and by 6 for the second half. But prices were going up the whole time, though all commodities did not rise in price equally rapidly.

ascribe all economic evils to personal misdemeanours, the unreasonableness of merchants, the covetousness of gentlemen, the extortions of husbandmen.”¹ In one book alone are cause and effect properly put together, and the trouble seen as it really was, to wit a universal rise of prices due in the first instance to the debasement of the coinage. The *Discourse of the Commonweal* is a remarkable pamphlet written by a remarkable man. It is now agreed that its author was John Hales, Clerk of the Hanaper and Member of Parliament for Coventry, who took a prominent part in the Enclosure Commission of 1549; he combined an intimate knowledge of social problems with a genuine sympathy for the poorer classes, together with a wider and more far-seeing outlook than was usually to be found in the reformers of the time. Of the book itself only the briefest account can be given:² it is a discussion between various representative characters, a Knight, a Merchant, a Husbandman and a Capper; most important of all is the Doctor (the typical academic man, said to be taken from Bishop Latimer) who is at first

¹ *The Agrarian Problem of the sixteenth century*, p. 200.

² It has been edited by Miss Lamond, Cambridge University Press, with full introduction and notes.

mildly scoffed at as being a person of ideas rather than of action and because of his leisured idleness a burden to the community rather than a help ; but this good-humoured banter he is soon able to put aside, and shew himself as the Socrates of the party, who can not only make his companions think out their position, however slowly, but can also point them to a conclusion of the matter which they all accept as being true.

In the course of the book the various economic problems of the time are discussed and each of the characters is in turn blamed by the others as being the real cause of the prevailing high prices, until the Doctor is able to shew that "one thing hangs upon another and sets forward one another, but one, first of all, is the chief cause of all this circular motion and impulsion." "And thus to conclude," he goes on rather later, "I think this alteration of coin (*viz.*, its debasement) to be the first original cause that strangers first sell their wares dearer to us : and that makes all farmers and tenants, that reareth any commodity, again to sell the same dearer : the dearth thereof makes the gentlemen to raise their rents and to take farms into their hands for the better provision, and consequently

to enclose more grounds.”¹ Nor had the debasement of the currency given the King more than a brief respite from his troubles : in fact, in the long run he was sure to lose by them. “ As touching the Mint,” said the Doctor, “ I account the profit much like as if a man would take his wood up by the roots, to make the more profit thereof at the time, and ever after to lose the profits that might grow thereof yearly, or to pull the wool of his sheep by the root. And as for the subsidies, how can they be large when the subjects have little to depart (part) with ? The King cannot have treasure when his subjects have none. Yes, the King’s Highness . . . as he hath most of yearly revenues, and that certain, so hath he most lost by this dearth and by the alteration especially of the coin.”²

Foreign trade, needless to say, was being seriously hindered by the fluctuations of the exchange, ever more and more to the detriment of England. The merchant from overseas kept demanding, naturally enough, an increasing amount of English coin to bridge the difference between its nominal and its

¹ Ed. Lamond. pp. 101, 104. In this, as in other quotations from sixteenth century writers, I have ventured to modernise the spelling, in the interests of the general reader.

² Ed. Lamond. pp. 34, 35.

real position. Prices at home rose in sympathy, and the standard of living for most people changed definitely for the worse.

This difficulty, so cramping to trade, was in fact one of bimetallism, a bimetallic problem of a more than ordinarily complicated kind. Wherever you have inside a country two kinds of currency jostling against one another, confusion results and this confusion is vastly accentuated when a similar state of affairs exists on the Continent also, and coins are passing incessantly from one country to another (in spite of Government prohibitions) whether through the normal processes of trade or through the more specialised commerce of the "moneyer" or bullionist. In England we had the problem of ordinary bimetallism, gold and silver coins side by side and each legal tender but with their ratios fluctuating and the foreign exchange so operating that whichever was at the moment the more highly valued was constantly being drained away and exported to the Continent. The attempts made by Henry VIII to protect the English currency by altering its nominal valuation from time to time so as to keep it abreast with the continental currency were only moderately successful: they caused inconvenience and

uncertainty at once, and their good results did not last long, as the continental currencies changed *their* valuations in the same way. The flow-out of gold did, indeed, seem to have been stopped by the new rating of 1526 (followed by a new coinage in 1527), but ten years later there was an equally pronounced flow-out of silver, apparently due to a relative depreciation of gold on the Continent, and this sucked English silver away with only a slight compensating in-suck of continental gold. When the outflow of silver became very pronounced the ratio was, in 1544, reduced from $11 \frac{5}{220}$ to $10 \frac{10}{23}$ ¹, but as the value of gold per ounce was officially raised at the same time there was no change in the ratio of the *purchase* price of the two metals : the change was in the *issue* price, as the amount of silver in the penny was reduced from $10\frac{1}{2}$ to 10 grains. These measures affected the weight but not the fineness of the metal used and are therefore to be distinguished from the debasement policy which began two years later : in this case, the amount of fine silver was tremendously reduced, 10 oz. of fine silver and 2 oz. of alloy being replaced by 4 oz. of fine silver and 8 oz. of alloy. We now have a

¹ W. A. Shaw. *History of Currency*, p. 120.

kind of double bimetallism ; there is the original problem of the relations of gold and silver and there is also, for silver at any rate, the problem of the relations of the fine and the debased coin.

It is here that the principle known as "Gresham's Law," has to be taken into consideration. The principle itself is simple enough : when you have currencies of differing degrees of "goodness" side by side, bad money drives out good money : the better coins naturally go elsewhere, to places where they will move only in the society of their equals, and the worse coins alone remain. It was the Victorian economist, Macleod, who attributed this dogma to Gresham on the strength of a well-known passage in a letter to Queen Elizabeth. "It may please Your Majesty to understand," he writes, "that the first occasion of the fall of the Exchange did grow by the King's Majesty, your late Father, in abasing his coin from vi ounces fine to iii ounces fine. Whereupon the Exchange fell from xxvis viiid to xiiis ivd, which was the occasion that all your fine gold was conveyed out of this your realm." ¹

¹ Burgon *Life of Sir Thomas Gresham*, i. pp. 484-5. This reduction of fine silver by 50 per cent. refers apparently to the silver penny, not to the testoons where, as explained above, the alloy was increased 400 per cent.

Before proceeding to a general consideration of the principle it may perhaps be worth noting that it is not only the “fall of the Exchange” which is usually considered to be the bad result of a depreciated currency but the accompanying rise of prices ; and furthermore that it is not only the “fall of the Exchange” which causes the better coins to leave the country but that the outflow of the better coins (which comes about in an obvious way) is itself the cause of the “fall of the Exchange.” The next point to notice is that this discovery of an economic law (if such indeed it be) cannot justly be attributed to Gresham alone. It is to be found in earlier writers, stated in some points more clearly and in others less clearly than by Gresham himself. Oresme, the well-known Bishop of Lisieux in the fourteenth century, had established the point of the outflow of good coins from a country where the currency had been debased but he had complicated the question by putting, as it appears, an excessive burden of responsibility on to the alleged malpractices of foreign counterfeiters. No less a person than the great Copernicus had also written on the subject ; he, however, ignores almost too much the influence of foreign exchanges and the

general machinery of export, but is very definite in his opinion that two currencies, one good and one bad, cannot exist concurrently without the good coins being withdrawn from circulation : when an improved coinage is issued the older and inferior coins must immediately be demonetised, although, of course, the intrinsic value of the metal must be paid out to those who surrender the old coins to the Mint ; but their further circulation, even at a reduced ratio, must be prohibited.

The general principle is now accepted by economists only to a modified extent. It has been urged that there is really no such thing as a truly bimetallic system of currency, because in practice one form of metal alone really counts, the other being essentially subsidiary, even though equally legal tender. It has thus been argued, not only that the demonetisation of silver in England in 1816 was merely a belated recognition by the law of a practical habit of long standing, but that this "gold habit" can be traced back certainly to the reign of Charles II, probably to the sixteenth century, and quite possibly to the time of Edward III, when a gold currency first made its appearance. In fact among so practical a people as the English the mere existence of gold coins in

any quantity proves that they fulfilled a real need, for no other king was going to risk a repetition of the premature experiment made by Henry III. From that time onwards, it is argued, gold has been the real basis “holding up,” as Adam Smith put it, the silver coinage which was thus already in fact, though not in law, merely a token currency. But because silver was used so much for the ordinary purposes of daily life, payment of wages, purchase of retail commodities, *et cetera*, it tended to assume an importance in men’s minds entirely unjustified by the real, though unseen, facts of the case. This, at any rate, is the point of view urged by Mr. W. W. Carlile in his *Evolution of Modern Money*, and in accordance with this “Gresham’s Law” becomes of comparatively minor significance. Gold, he urges, is a “better” currency than silver, because it is more reliable and its quantity is likely to fluctuate less.¹ Historically, he goes on, the “better” currency has *not* been driven out of circulation by the “worse,” for silver has not supplanted gold; better goods will always in the long run cut out inferior goods,

¹ Mr. Carlile’s book appeared in 1901 just as the great additions to the world’s gold supply were beginning which have since then disproved this, at least, of his points.

and in money (which is a commodity like anything else) the better will in like manner cut out the inferior.

But this, surely, is all by way of being special pleading. “Gresham’s Law” does not assert that *in the whole world* the worse drives out the better. On the contrary, it is just because men naturally desire the better than when in one country good and bad coins jostle about indiscriminately, the good coins migrate to lands where they (or rather the metal in them) will be valued at their proper worth. The principle only holds good for an individual country and that, too, one where there are alternative ways of using the better coins. The general fact remains that when several countries are using a currency based on the same metals, and when inside any given country there are either fluctuations in the ratio of the two metals or variations in the “fineness” of what are supposed to be identical coins, the “better” coins will tend to disappear from that country, “better” meaning those which can be employed to more advantage elsewhere, to wit, by going to a land where either the established ratio is more in their favour or where their intrinsic excellence will not have to contend with the competition of

Sir Thomas Gresham

coins of the same nominal, but a very different real, value. And this, I fancy, is all that “Gresham’s Law” has ever been held to be. Its importance is that it did serve to bring home to rulers the fact that they could not hope to put by extensive treasure for themselves merely by pocketing the difference between the real and nominal value of a currency, whenever they chose to debase it at a moment of financial embarrassment. The lesson was learnt in the end : the coinage was restored early in the reign of Elizabeth and although a very serious mistake was made in currency policy at the end of her reign, it was not in connection with debasement but with the fixing of the ratios of gold and silver.

The real wisdom of this subject comes not from Gresham but, as so often, from Hales. He appreciated both the evil effects of the debasement and the complication which came from the changing “tariffs” of foreign coins and the fluctuations of the domestic ratio. The effect of the debasement on prices has already been dealt with, but in the following extract the merchant explains how he has had to raise the price at home to counterbalance the increased price which, owing to the debasement, he now has to pay for the stuff he

imports. “ We that be merchants pay dearer for everything that cometh over the sea, even by the third part well. And because they of beyond the sea will not receive our money for their wares, as they were glad in past time to do, we are fain to buy (*i.e.*, give) English wares for them, and that doth cost us dearer by the third part, yes, almost the one-half dearer than they did before time, for we pay eight shillings for a yard of cloth that within these ten years we might have bought for four shillings and eight pence. When we have thus dear bought outlandish ware, then we have not so good vent of them again as we have had before time, by reason there be not so many buyers, for lack of power, though indeed in such things as we sell we consider the price we bought at.”¹

As regards the export of the better currency, Hales says, in the mouth of the Doctor “ to what purpose should they bring silver or gold hither, where the same is not esteemed ? ” On the contrary, our own merchants have “ raked all the old (*i.e.*, pre-debasement) coin for the most part in this realm and found the means to have it carried over (*i.e.*, abroad), so as little was left behind within this realm of such old

¹ Ed. Lamond p. 30.

coin at this day." "Thereby, basing or rather corrupting of our coin and treasure, we have devised a way for the strangers not only to buy our gold and silver for brass, and not only to exhaust this realm of treasure, but also to buy our chief commodities in manner for nothing."¹ And as regards the ratios "everything will go where it is most esteemed : and therefore our treasure goeth over in ships . . . for they (in this case, native goldsmiths and moneyers) apperceiving the new coin of gold to be better than the new coin of silver that was made to countervalue it, picked out all the gold as fast as it came forth of the Mint and laid that aside for other purposes (*e.g.*, to export or melt into plate.)"²

"Therefore I think it wisdom we did learn of them (Flanders) how we might use the one and the other (gold and silver) treating either of them of like rate as *they* do so, that they should never desire of our coin for any greater value than they be esteemed at with them, nor we theirs for any greater estimate with us than with them."³

But however many sensible things there

¹ p. 69.

² p. 106.

³ p. 87.

may be in the *Discourse* it was not published till 1581,¹ and long before then the wise Latimer had met his death, nor was his practical influence on economic questions ever as great as apparently it deserved to be. So that in the reigns of Edward VI and Mary the problem of the exchange undoubtedly existed, complicated by unscrupulous debasements, but no remedy or solution was for the moment forthcoming. Could anything better be done in the matter of the royal debt ?

¹ Although written, almost certainly, in 1549. The mysterious "Mr. W. S." who prepared the 1581 Edition alters the original in some respects, to bring it more conclusively into line with things as they then were.

Additional extracts are printed in Appendix I.

CHAPTER FOUR

“Serving a King”

“**I** WAS sent for unto the Council, and brought by them afore the King’s Majesty to know my opinion (as they had many other merchants) what way with least charges His Majesty might grow out of debt. And after my device was declared, the King’s Highness and the Council required me to take the room (*i.e.*, position) in hand, without any suit or labour for the same.” This is Gresham’s own account of how he was called, either at the end of 1551 or the beginning of 1552, to undertake the duties of Royal Agent on the Continent. His immediate predecessor, Dan-sell, had been “revoked from his office of agent by reason of his slackness” in the pre-ceeding year. “It seemeth me,” he said in his defence, “that you suppose me a very blunt beast, without reason and discretion,” nor did they deny that that *was* their opinion. His transactions were alleged to have involved the King in a quite unnecessary loss of £40,000, and if this was true it was not unfair to say to

him, as they did, “you have done his highness marvellous ill service.” It is not clear whether there was any truth in his assertion that in whatever he had done he had acted on the advice of “one Thomas Gresham,” but in any case it does not seem to have prejudiced Gresham in his new appointment, and we now find him removing to Antwerp and taking up his abode with Gaspar Schetz, the chief financial agent in Flanders of the Emperor Charles V. English merchants had been settled in Antwerp for the last two hundred and fifty years, but the beautiful Hotel van Lyere was not handed over to them for their residence till six years after the arrival of Gresham and there is no evidence that he himself ever lived there.

While, therefore, Gresham is occupying himself in finding accommodation under the roof of Schetz, and perhaps admiring the caprice of the father who had named his sons after the Magi (for Jasper’s brothers were Melchior and Balthasar), we may take a glance at the city which is to be off and on his residence for the next fifteen years and estimate its claims to be considered the financial capital of Europe. It is an attractive and picturesque town, of a definitely cosmopolitan kind, though

many of its finest buildings were comparatively new in Gresham's day.¹

Politically it is part of the Hapsburg Dominions, under the rule at the moment of Charles V but destined a year or two hence to become a possession of his son, Philip II of Spain. In 1576, it will be the scene of the "Spanish Fury," but in the end it will not join with the Confederated States, and that is why it ultimately forms part of Belgium, though nearly hemmed in by Holland. It will, however, suffer irreparable damage during the Revolt of the Netherlands, and its sack by Alexander Farnese in 1584 will mean the end of its long period of economic supremacy. But in 1552, there seems no reason to anticipate this rapid decline and fall : rather do the citizens look back proudly on a century of unparalleled progress. "No one can deny," they say to Philip a little later, "that the cause of the prosperity of this city is the freedom granted to those who trade there." As far back as 1446, the then ruler had allowed the citizens, in return for large payments to himself, to establish what was practically a free-

¹ The Bourse, which had been built in 1531, became the model for the Royal Exchange and like it afterwards twice suffered destruction by fire.

trade system, and thenceforward merchants of all lands had established themselves in Antwerp in ever-increasing numbers, so that the neighbouring and rival cities of Bruges and Ghent definitely fell into the second place. In the middle of the sixteenth century two or three thousand ships could be seen at one time anchored in the Scheldt or loading and unloading at the quays. Of cloth alone more than 200,000 pieces were imported yearly, of an estimated value of £1, 200, 000. The Bourse, or Exchange, was dedicated *ad usum mercatorum cujusque gentis ac linguae*, and the city became an international centre for finance as well as for trade. The chief rulers of Europe kept agents there, as did the big financial houses, of which far and away the most important was the well-known firm of the Fuggers of Ausburg.

The earlier supremacy of Italy in general and Florence in particular as regards banking and allied arts had by now definitely passed to Antwerp. By the middle of the sixteenth century a fairly elaborate technique of financial operations had been established, and Bills of Exchange, credit advances, discounts and the like were already known in practically their modern form. And all this in a world which

still, nominally at least, refused to distinguish interest from usury and banned them both as unchristian and illegitimate ! “ All usury,” said an English Act of Parliament in 1552, “ is by the word of God prohibited, as a vice most odious and detestable, as in divers places of Holy Scripture is evident to be seen.”

But it was clear by now to most men that there *was* an essential difference between a low and an extortionate rate of interest, and that the latter alone really deserved the name of usury together with the odium attaching to it. Many alternative ways of using capital had come into existence at the end of the Middle Ages, Rent-charges, Insurance, Partnerships and the like, and these had been allowed by the Church to pass, with certain qualifications as legitimate : yet in what essential respect did they differ from a loan of money lent at a moderate rate ? This at any rate was to be the doctrine of the future, and without it no considerable economic development would have been possible. In the Netherlands interest was allowed from 1540 onwards, as long as the rate did not exceed twelve per cent. and as long as both parties to the transaction were merchants. This last was an important reservation. Christian charity and gratuitous loans were to

prevail still in purely private matters, to protect the necessitous from exploitation by the unscrupulous ; but in commercial dealings, where there was no question of relieving immediate destitution, a different standard of conduct could safely be established. Even in Tudor England, where economically things were not so advanced as on the Continent, trading on borrowed capital was becoming the rule rather than the exception. The inexperienced merchants relied almost entirely on credit ; “a notable number for lack of experience and knowledge, as also substance, hath from time to time run in headlong into thefeat of merchandise, and so entered into credit.”¹ The experienced merchants, as they became more and more prosperous, became increasingly interested in finance ; “then began old merchants to forsake occupying of cloths to occupy their money by Exchange.”² Legislatively, at the very end of the reign of Henry VIII (in 1547) the distinction between interest and usury had been made, and a ten per cent. rate allowed, but this Act had been repealed in 1552. Edward VI was both a puritan and a

¹ Letter of Gresham to Northumberland. Burgon I. p. 464.

² Quoted by Tawney, Introduction to Wilson’s *Discourse upon Usury*, p. 67.

conservative : the Bible maxim “lend, hoping for nothing again”¹ rang as true in his ears as ever it had in those of the Canonists. With the Catholic reaction under Mary (to anticipate a moment) the prohibition was naturally maintained, and it was not till Elizabeth had been twelve years on the throne that she felt herself in a strong enough position to revert to the Act of 1547, and then only with reservations.² But, as has been suggested, these legislative prohibitions of usury by Edward and Mary were statements of an ideal for private and personal relationships. In an age when neighbourliness as a virtue seemed quite to have departed it was supremely important that the duty of charity to one’s neighbour should be emphasised, especially when that neighbour was helpless or distressed. But in public affairs a different rule had to be adopted. Capitalism had obviously come to stay, although theoretically Edward VI at least was prepared to revert to a world of class-subordination and comparative economic stagnation. Credit facilities *must* be sanctioned, and direct loans on interest as well, since otherwise no Government would have been able to exist for six months. Indeed, one of the first activities of

¹ Luke VI, 35.

² *Vide* below, p. 147.

Gresham in Antwerp was the raising of a loan of £10,000 at 14 per cent., this being in 1552, the very year in which the restrictive legislation of Edward was passed. Moreover on various other occasions we find special exemptions from the Usury Law granted to individuals willing to subscribe to the loans which the Government was trying to raise. Thus in 1561 we see a licence granted to Sir William Garrard, Sir William Chester and others, to receive 10 per cent. upon their loan of £30,000 to the Queen, without incurring the penalties of the Statute against usury.¹ These gentlemen were, it appears, engaged also in the Barbary trade,² and this illustrates an important point. In England there was as yet no class of specialised financiers or even ordinary bankers. It was the rich merchants who gave credit and discounted bills: they often also acquired large properties through their financial dealings with impoverished or improvident landowners, and Gresham himself owed no small part of his fortune to transactions of this kind. “The country gentleman,” says Mr. Tawney, “who fifty years later would have drawn on his goldsmith, when he wants a loan

¹ *S.P.D. Eliz.*, XIX. 2.

² *S.P.D. Eliz.*, XIX., 21.

of £200 in the sixteenth century writes to his draper."¹ If the Crown wished to raise money in England from anybody other than these, it is to the Italians resident in London that it must go, to such men as Spinola or Giovanni Jacopo Scaramuzza.²

This digression has taken us away from Antwerp, but there, at any rate, specialised finance grew and flourished. It was the meeting place of things both old and new. Medieval usage lingered in the great Fairs held every spring and autumn, where the biggest article of commerce was English cloth for which buyers came from every part of Europe : medieval, too, was the way in which the final settling-up was often postponed to the next set of Fairs, those of Lyons or Villalonga. But a more modern system also existed whereby bills were discounted on the spot, and the English cloth exporters increasingly took advantage of these facilities. Moreover, except for the sale of cloth, commercial and financial transactions were centring more and more in the Bourse, where exchange operations of the greatest intricacy were carried on. Not only were loans floated and ordinary Bills of Exchange dis-

¹ *Op. cit.*, pp. 94, 95.

² *S.P.D. Eliz.*, XIX., 40, and XX., 18. 19.

counted, but there was an elaborate system of “dry exchange,” finance bills in which the fluctuations of the various Exchanges of Europe became a source of speculation, and the more risky the dealings the greater were the profits hoped for. The Pope, in 1570, condemned “dry exchange” but sanctioned interest charged by the discounter of a Bill of Exchange, this being only the lawful payment for his labour and risk. Moderate opinion in England entirely agreed : a dealing in actual goods was at the root of a Bill of Exchange, whereas “dry exchange is to deliver money in one realm to be paid in another realm, where the deliverer seeketh not to employ his money either upon wares or otherwise, but only to exchange the said money home again with lucre.”¹ The foreign exchanges were at the time very unstable ; their movements were little understood, and folk who seemed to profit from, and indeed to provoke, such day-to-day fluctuations were bound to be looked on as unscrupulous self-seekers. All the same, they were indispensable. Loans had to be floated, and they were the obvious people to float them. Antwerp was their headquarters, and it was to Antwerp, therefore, that Gresham went, both to raise

¹ *S.P.D. Eliz.*, CVI, 6. Quoted by Tawney, *op. cit* p. 73.

money and to steady, if he could, the exchange rates of the Flemish and the English currencies.

The youthful Joseph owed his advancement to a greater capacity for dream-interpretation than was possessed by the pundits of the Court of Pharaoh. In like manner the youthful Thomas had apparently interpreted the economic phenomena of the time more skilfully than the other merchants of England and had been, in consequence, promoted over their heads. "After my device was declared, the King's Highness and the Council required me to take the room in hand." And what, after all, was this "device"? What was Gresham going to effect better than Dansell had done?

The answer to this is not very clear. In the first instance, he was by no means given a free hand, but was dependent on the instructions sent him by the Council from time to time. Thus in the case of his first achievement, the loan of £10,000 from Lazarus Tucker, they say definitely, "Marry, for your first proceeding, this we would should be done," and then follow detailed instructions as to how the loan is to be used, ending, "Having made this payment . . . we would that ye made your speedy repair home, to the intent we might more certainly confer with you." Clearly

Gresham's judgment would carry weight ; no less clearly he was not to be allowed to act on it alone. The same emerges from the records of his transactions with the Fuggers, a delicate series of operations considering how much the King owed them and how little he was in a position to repay ; here, too, though there is a discretionary power left to Gresham to do the best he can, the Council are free with their general instructions. For the moment, at any rate, there was nothing else to be done but to follow along the well-marked track of paying back as little as possible, prolonging the period of the debts where practicable, and always hoping that when repayments *did* become necessary, you would be able to borrow money for the purpose at a rate of interest not appreciably higher than that at which the original loan had been contracted. Of more heroic remedies there was no sign, even from Gresham, and the only new idea on the subject came from the Council when they decided to take a firm stand against the old but pernicious practice of combining with a loan the purchase of a gorgeous, and probably over-priced, jewel, which the borrower did not in the least desire to have.¹ Gresham, in fact, got into trouble with them

¹ Or having part of the loan made in kind.

by disregarding this resolution, of the existence of which he had not been informed, and it is therefore clear that the initiative in this matter came from them and not from him.

But although it does not appear what "device" he can have had to lay in front of the Council when he first appeared before them, it was not long before he came out with a definite statement, vigorously worded, of his view of the position as a whole.¹ It is a letter to Northumberland, dated August 21st, 1552, the very day after his return to Antwerp from one of his periodic visits to London ; he is vexed and irritated at the instructions he has received, which are, in short, to negotiate with the Fuggers to take as little as possible and hold over the rest. "It shall be no small grief unto me," he writes, "that in my time, being His Majesty's agent, any merchant strangers should be forced to forbear their money against their wills ; which matter must be otherwise foreseen, or else in the end the dishonesty of this matter shall hereafter be wholly laid upon my neck. . . . To be plain with Your Grace in this matter, according to my bounded duty, verily if there be not some other ways taken for the payment of His Majesty's debts, but to

¹ *Vide Appendix, p. 176.*

force men from time to time to prolong it ; I say to you, the end thereof shall neither be honourable nor profitable to His Highness.” His constructive proposals, however, are not quite so praiseworthy as his general sentiments. They consist, roughly, of four suggestions : first, that a fixed sum should be earmarked weekly (£1,300 was the amount he proposed) and sent across secretly for his use for debt redemption :

Secondly, that this money should be used for operations on the Antwerp Exchange, “pegging it” as it would nowadays be called, *viz* : buying up small quantities of sterling each day so that “it shall not be perceived, nor it shall be no occasion to make the Exchange fall” ; in fact, the steady demand would make it rise :

Thirdly, when next the Merchant Adventurers’ fleet was about to leave for Antwerp, it should be held up and only allowed to sail on an express undertaking being given that the merchants would lend the King (through Gresham) certain sums of money in Antwerp which should be paid back later in London ; the difference between the exchange rates in London and Antwerp would be used by the King for his own advantage :

Fourthly, to use the royal prerogative to create a monopoly of lead (as Edward III had

made of wool) ; the export of lead from England should be absolutely forbidden ; the King alone would be able to ship it to the Continent, and the greatly enhanced price which it would therefore fetch would entirely redound to the King's profit.

The results of this "design" were not, apparently, very great. The idea of a lead staple was not proceeded with : forced loans were raised from the Merchant Adventurers (and the Staplers also) twice in Edward's reign and again in 1559, but this was an obviously unscrupulous measure ; the fixed sums of money for debt-redemption were only sent over once or twice, after which that particular part of the project fell through. None the less, Gresham was able to raise the King's reputation as a payer of debt ; he seldom, apparently, had to borrow at so high a rate of interest as 14 per cent., and he was able to bring the exchange at Antwerp from 16s. Flemish to the pound sterling up to 22s. All the same, the foreign debt, which was just over £100,000 in 1550, had grown to nearly £150,000 in 1552 ; and as regards the rate of interest, the Bank of Genoa (as Professor Scott has pointed out) was only paying 7 per cent. as far back as 1407 : on the other hand, the Emperor Charles V

apparently had to give as much as 16 per cent. for *his* loans. In any case, the Council seem to have been quite satisfied with the results of Gresham's activities, and there is the well-known story, afterwards referred to by Gresham himself, of how the young King only three weeks (as it happened) before his death conferred on him property worth £100 a year, with the truly royal remark : “ You shall know that you have served a King.” Gresham, on his side, gave the King something more personal than zealous service for on one occasion he presented him with “ a pair of long Spanish silk stockings,” “ a great present . . . for Henry VIII did wear only cloth hose or hose cut out of ell-broad taffeta.”¹

Gresham was now definitely established on one line of official business, though he kept on his own private interests as well,² but his was essentially a personal appointment, and it did not follow that Mary would want as her officers those who had served her brother, however loyal and successful they had been.

¹ Stow's *Survey*, quoted by Burgon I. 110.

² As Mercer and Merchant Adventurer. He lived in Lombard Street “ at the sign of the Grasshopper ” until he built Gresham House in Bishopsgate Street, probably in 1563. To Mary he gave in 1556 as a new year's present “ a bottle of fine Holland (gin) in a case of black leather.”

CHAPTER FIVE

“The Troublesome Reign”

UNDER Mary, Gresham discharged the duties of Royal Agent at Antwerp (though apparently without the title) for more than two years ; and the curious thing is that the main breach in his period of service should have come towards the end of her reign rather than the beginning as it might well have done, seeing that he made no pretensions to share the Queen's religious views. Indeed, at first he had good grounds for apprehension : it was unlikely that the protégés of Northumberland (and he was such an one) would receive undue consideration from the new Government. Gardiner, the Bishop of Winchester, disliked him personally and Dansell, “the blunt beast,” was reinstated in the office in which Gresham had superseded him. In self-defence Gresham addressed himself to the Council in a long memorandum in which he set forth the great services which he had done to Edward, and the King's prompt and unreserved appreciation of his work. If he were given the chance, he

“ The Troublesome Reign ”

would be able to do as much for the Queen also : “ nevertheless I do perceive that those which served before me, which brought the King in debt and took wares and jewels up, to the King’s great loss, are esteemed and preferred for their evil service ; and contrarywise myself discountenanced and out of favour.” Nor was this all ; the final paragraph tells of a fresh disaster, not, however, due to royal disfavour. “ As I was sealing of the letter enclosed herein, I received a letter out of Flanders ; whereby I understand that as well my plate, household stuff and apparel of myself and wife (which I have sent prepared unto Antwerp to serve me in time of my service there) by casualty of weather coming from Antwerp is all lost. And now, God help poor Gresham ! Also the Lord of Northumberland doth owe me £400 for a jewel and wares, that my factor (agent) sold him in my absence : trusting that the Queen’s Majesty will be good unto me therein.”¹

This, however, was the dark before the dawn. A certain Sir John Leigh, of whom not much else is known, was his good friend and was apparently sufficiently in the inner councils of the Queen to be able to say on his behalf

¹ Northumberland was executed some time during the month in which this memorandum was written.

things that carried weight. Moreover, and more important, Dansell and Dauntsey were bungling the royal business in Antwerp, and the sagacity—shall we say slyness?—of Gresham was much missed. Dansell, as before, was “without reason and discretion.” The fault of Dauntsey, as Gresham himself acknowledged, lay in youth and inexperience: “I judge he hath done his best.” But his best had resulted in a loan being contracted at 13 per cent. which really amounted to 14 per cent., as the Queen was only going to have the *practical* benefit of the loan for eleven months, although it was a twelve months *nominal debt*: and this meant that all the earlier work of Gresham in improving the rate at which the Crown could borrow had gone for naught, and things were as they had been in the early years of Edward VI. Moreover, there had been so much publicity over the whole business that it would henceforward be impossible to get loans from any quarter save on these disadvantageous terms. “This matter hath been very openly handled, and marvellously undiscreetly.”

But with Gresham back at Antwerp the position slowly improved once more. He carried on on the familiar lines, and the chief interest from now onwards, for a time at any

rate, lies not so much in how much he could borrow, or at what rate, as in how he was going to get the money out of the country without its being observed, and in that case held up. For the Government of the Netherlands witnessed the outflow of “treasure” with no greater joy than did England or any other country at the time. In Spain there were “sanguinary laws” against the export of gold and silver, and, after all, the Netherlands were under the same ruler as Spain. Sometimes, of course, a special licence could be obtained—as a result of diplomatic pressure, for the Ministers of Charles V were not likely to arrange a thing of this sort out of mere friendly benevolence.¹ Sometimes the English Ambassador, if he happened to be returning home temporarily, would be willing to press to the full his diplomatic privilege (of not having to submit to customs examination) and carry back money in his baggage: but not much could hope to get to England this way. Otherwise there really seemed nothing for it but fraud. Pepper was the first idea, innocent bags of pepper in each of which ducats or silver bars might be

¹ “which thing,” Gresham writes on one occasion, “must be kept as secretly as Your Majesty can devise, for if it should be known or perceived in Flanders it were as much as my life and goods were worth.”

concealed. But there was a limit to the amount of pepper which a country might seem to require and, on the whole, armour appeared to be a better cloak for these illicit designs. Purchase of weapons and equipment on a large scale was a likely thing for England to be engaged in ; in fact, many transactions of this sort were being actually arranged. What easier, then, than sometimes to insert vast quantities of money in the cases which were supposed to contain a cargo of arms and armour? Weapons and money, both were hard, clinking metal, and detection was not very likely, especially if the usual, though discreditable, steps were taken to allay the suspicions of the minor officials. Thus Gresham speaks with pride of having corrupted the chief searcher who had "right honestly desired a worthy reward."¹

A further complication was that the merchants who were willing to lend money did not always have it available on the spot, and on one occasion Gresham had to make a long and tiresome journey to Spain (and, incidentally, get badly abused by the Council into the

¹The word "honest" clearly had in earlier days a slightly different meaning from what it has now. Sometimes, at any rate, as here, it meant "not concealing one's real character, ingenuous."

bargain) in order to secure the money as soon as the merchants themselves got paid their outstanding accounts at one of the big Fairs, the institutions which still, by old tradition, served as the clearing-houses and settling places of international commerce. In this case, the occasion was so important and the sums so considerable that smuggling the money out of Spain was not contemplated for a moment. The coins must leave the country in the full odour of sanctity, and “ passports ” therefore had to be obtained for them, with no slight amount of extra worry for Gresham himself and for the various diplomatic agents who were instructed by the Government at home to assist him.

Even when licence to export coins was given, there was generally coupled with it a proviso that the transaction should be kept as quiet as possible, from the point of view of public opinion in the country from which the “ treasure ” was to be exported. Thus Gresham writes on one occasion : “ I have been at Brussels, where I spake with the King’s Majesty the 16th, 17th and 19th of this present (month), for a licence of 300,000 crowns to pass into his realm and your’s ; he being in as right good health as Your Highness’ heart

can desire (praise be given to God !) And His Majesty hath granted you the whole licence of the said 300,000 crowns, to pass at one time, with 100,000 at once, in giving me a great charge I should convey this money with as much secrecy and as small bruit as I could devise, by reason of the great scarcity that is here at present. Which, God willing, shall be done when Your Grace's pleasure therein is known."

The above letter calls for one word of explanation. Philip was now Lord of the Netherlands and King Consort of England. Mary always liked her diplomatic correspondents to give her personal news of her husband. The abdication in his favour of his father, the Emperor Charles V, in 1555 had been an event of the greatest importance for the future of Europe. In itself it had been an impressive and pathetic ceremony, and as it took place in Brussels Gresham took pains to go and see it.¹

One further event of the reign should be chronicled, and that is the foundation in 1553 of the Muscovy Company ; unexciting and even trivial at first sight, this is really of the greatest importance as a step forward in the economic

¹ The best English description by an eye-witness is that of Sir John Mason, quoted by Burgon, I. pp. 174-6.

development of England. Professor Scott has described the circumstances in which the Company came into being.¹ He has shown how in the middle of the sixteenth century the capital of the country was being depleted ; the rate of interest on the Crown’s loans abroad amounted, as we have seen, sometimes to as much as 14 per cent., while, owing to high prices, fluctuating exchanges, *et cetera*, production at home was declining. “Under these circumstances, attempts would be made to secure a higher return on that capital which was free to seek it. Thus the more enterprising merchants would be forced to give greater attention to foreign trade.” And yet, in the existing scheme of things, there did not seem much room for expansion here, as the main centres of commerce were being developed by three Trading Companies which may be said to have enjoyed a practical monopoly, the Staplers, the Merchant Adventurers and the Eastland Company.² Merchants who were not lucky enough to belong to one or other of these associations had to look to more distant fields, where the risks would certainly be greater even if the

¹ W. R. Scott. *Joint Stock Companies*, I. pp. 16, 17.

² The Eastland Coy. was engaged in wresting from the Hansards the trade between England and the Baltic.

resulting profits might possibly be greater also. Their eyes fell first on the alluring prospect of Russia, just beginning, under the iron rule of Ivan the Terrible, to emerge from the dark obscurity of earlier centuries. Trade in this direction would, however, be quite a new venture involving a good deal of actual exploration. This comes out in the title given to the expedition of 1553, "the Mystery and Company of the Merchant Adventurers for the discovery of regions, dominions, islands and places unknown." Further insight into the complete uncertainty of where the expedition would be going is forthcoming from the fact that Edward VI gave them letters of commendation written in Hebrew, Latin and Chaldee ! Only one of the three ships managed to get as far as Archangel, but its leader, Chancellor, then pushed across country till, at Moscow, he had an interview with the terrible Tzar himself, from whom he obtained the promise of important commercial concessions. In order that these might be enjoyed to the full, Chancellor and his friends obtained from Mary (Edward being now dead) a charter conferring on them the sole right to trade with Russia, or with any other countries which might be opened up as a result of these and

similar voyages. The Muscovy Company (for such it must henceforward be called) had practically discovered a fresh land and had, without any doubt, opened up a most important field for trade :³ therefore it deserved the rewards of its initiative in the shape of a monopoly, and when, a few years later, “interlopers” (*i.e.*, merchants who did not belong to the Company) tried to embark on the trade between England and Narva, public opinion in England was entirely behind the Government when it forbade this trade as being a breach of the privileges of the Company.

But the interesting point is that this new association differed in one very important respect from the Staplers or the Merchant Adventurers. It was not, like them, a Regulated Company : it was a Joint Stock Company, the first of a new species, destined to count for a great deal in the economic development of England, and indeed of the world. The Regulated Company was in the realm of commerce the counterpart of the medieval Guild in the realm of industry. In each, only qualified and suitable persons were allowed to become

³ England would now find a fresh market for her cloth, while she would be able to ensure an abundant supply of tar, ropes, timber and other articles required for her Navy.

members :¹ members had to contribute their proper share to the administrative expenses of the association and had to comply with the general rules laid down for the conduct of the trade or industry. But apart from this there was full and complete competition between the individual merchants or craftsmen, each of whom worked on his own and kept his own profit and loss account. This type of organisation had, however, by the middle of the sixteenth century manifestly outlived its usefulness as a form of industrial control, and its value for overseas trade was seen to be definitely limited. It did well enough for the familiar forms of commerce, which followed a clearly marked path, or indeed a groove. Even so, there were serious grounds of complaint if the entrance fee was made so high that the young merchant of enterprise was unable to join. But even if it were safeguarded from the criticism of abusing its monopoly, such an association was quite unsuited for expanding commerce on less familiar lines or in less known fields. The Muscovy expedition was a voyage of discovery in other ways than the merely

¹ Gresham protested strongly against the admission into the Merchant Adventurers of inexperienced and unqualified young men.

geographical ; it showed the need for experiments in what may be called the technique of commerce. Methods which would work admirably in the trade with France, Flanders or the Rhineland were seen to be less fitted for this remoter commerce with this semi-barbarous people. For a Regulated Company “ it was necessary that the trade should be carried on with a country not too distant, which was civilised. Moreover the trade, suitable for a Regulated Company, must be of some magnitude, following well-defined lines, in order to facilitate the provision of shipping. In trading to a distant country large vessels would be needed ; if such an expedition were managed by a Regulated Company, the loading of the goods of a number of adventurers in one ship, accompanied by the factors in charge of them, would produce almost inextricable confusion. Therefore, when a trade was opened to Russia or to Africa, it was almost inevitable that it should be founded on a Joint Stock basis.”¹ This meant the modern principle of the shareholders and the director, though these terms were not yet actually in use (but they came soon after). Sebastian Cabot was to be “ Governor ” for life, and was to be aided and

¹ Scott. *op. cit.* I 17.

advised by an elected Court consisting of four "Consuls" and twenty-four "Assistants." The capital to begin with was small, consisting only of £6,000, subscribed in £25 shares, and with this capital three ships were bought and a certain amount of stock-in-trade : in subsequent years about £5,000 worth of English goods was the normal capital. The African Company differed, inasmuch as it had no continuous capital but raised a separate joint stock for each voyage ; moreover, it hired ships as it required them, instead of maintaining a permanent fleet: it also had from year to year a capital of about £5,000 or £6,000. But small though these sums were, it is estimated by Scott that they stood for an increase of about 16 per cent. on the export of the chief English commodity, cloth, as the usual machinery for the export of this commodity was the Merchant Adventurers' Company, the value of whose turnover was about £60,000. Even so, it is small wonder, perhaps, that Gresham, though he had a share in the Muscovy Company, should have devoted such free time as he had to activities in the Mercers' Company or as a Merchant Adventurer. He could not be expected to foresee the extent to which remoter trades, conducted in a less familiar way, would spread and flourish in time to come.

CHAPTER SIX

A New Reign but the Old Problems

IT seems certain that Gresham was actively employed by Mary for twenty-six months in all. He retired into private life, so to speak, from 1556 until nearly the close of her reign, when he was apparently reinstated in his position at Antwerp. The extent to which news came mainly through the medium of rumour is shewn by the caution with which he received word both of Wyatt's insurrection and of the birth of a son to Mary : one story, as it happened, was true though exaggerated, the other, of course, false : both rumours were immediately accepted by the English colony at Antwerp, the first with apprehension, the second with manifestations of delight. In each case Gresham himself prudently held his hand, and preferred to wait until confirmation of the rumours arrived. About the death of Mary there was not the same uncertainty. Gresham happened to be over in England at the time and was one of the first to hurry to Elizabeth at Hatfield, offering her his services

and at the same time reminding her of how those services had been appreciated by her two predecessors, each of whom had given him lands to the value of about £200 a year. His overtures were well received : indeed he was “made a young man again” by the warmth of her welcome : “she would,” she said, “not only keep one ear shut to hear me, but also, if I did her none other service than I had done to King Edward, her late brother, and Queen Mary, her late sister, she would give me as much land as ever both they did.” Heartened by these promises, Gresham set to work at his old business of Financial Agent, though the outlook was far from bright. The outstanding debt was now greater than it had ever been during the reign of Edward, reaching the gigantic figure of £226,910, considerably more than the ordinary yearly revenue, which may be taken to have been £200,000. The country was in an agitated condition, made worse by plague, famine and war. By means of ruthless economy in the ordinary expenses of government it was hoped to secure a yearly surplus of £65,000 ; but this, for the next two years, was earmarked for the most immediately pressing need, the putting of the country into an adequate state of defence, by the provision

of fortifications, ordnance, gunpowder, ships, naval stores, *et cetera*. To meet these charges no less a sum than £300,000 was required, which was to be met partly by the yearly surplus for two years and partly by a parliamentary grant of two-tenths and two-fifteenths. These would bring in £190,000, but at the expense of taxation so heavy that the country would not be in a position to help the Queen by any sort of voluntary loans, for which therefore she would have to look abroad. But the foreign financiers were more likely to restrict than to extend credit. The foreign part of the debt was already over £100,000. Now (in 1559) a war in Scotland to help the Reformers against the Regent became, for political reasons, necessary : the problem therefore was more difficult than ever, how to satisfy the existing creditors and at the same time raise the additional £178,000 incurred by war expenses. This was a harder task than any Gresham had yet been faced with.

Nor had he anything very original to suggest. Foreign loans, domestic loans, taxation, all had been pushed to their limit ; and yet the debts remained, “ for the payment whereof and for keeping up of the Exchange, the Queen’s Majesty hath none other ways and

help but to use her Merchant Adventurers." This does not sound very promising, and has moreover a familiar ring about it. Once more the ships of the Adventurers were to be "stayed" just as they were on the point of sailing, and their departure was to be conditional on their undertaking to hand over to the Crown Agent in Flanders, in cash, some portion of the proceeds of the sale of their goods. This was, in effect, a forced loan. But the Crown was going to be as arbitrary in its methods of repayment as it had been in its collection of the original sum. The loan in Antwerp would naturally be made in Flemish money, since this would be the currency which the merchants would have received from their customers as the price of their goods. The repayment would be made in England, in English money, and the rate of exchange would be settled by the Crown and to its own advantage. A purely arbitrary rate of exchange was established, whereby the Flemish shillings were *under-valued* and the English sterling *over-valued*. The merchants would lose, but the Crown would gain substantially, and Gresham would be justified in his dictum that "the exchange is the chiefest and richest thing only above all others. This thing is only kept up

by art and God's providence," on which Professor Scott's comment is that "the art was plain enough, for by this device a fictitious value was given to the £1 sterling, which was rated in such exchange at considerably more than twice its intrinsic value : where room was found for God's providence is somewhat of a conundrum unless in the merchants being able to bear the loss involved."¹ Small wonder that shortly afterwards Gresham is found suggesting "that the Queen's Majesty doth use the Staplers for £15,000 or £20,000, as you have used the Merchant Adventurers." Gresham's other proposals were a re-coinage and the curtailment of the privilege of the Hanse merchants in London, besides, of course, rigid economy, "to come in as small debt as you can beyond seas."

England was, in a sense, living from hand to mouth. She was not absolutely certain that Elizabeth was to remain on the throne : still less certain was she as to what was to be her path along the tangled ways of religious differences and foreign complications. She picked her way very gingerly and step by step. The problems in the economic field were no less perplexing, and if here a surer plan or a

¹ Scott. *op. cit.* I. 26.

firmer grasp is visible it is due in no small measure to Gresham, working of course in close co-operation with Burghley.¹ If we find ourselves on rather closer investigation less able whole heartedly to endorse the earlier unreserved eulogies on the initiative and originality of Gresham, we find our admiration for Burghley growing ever more and more. His zeal and his energy were unflagging, and with it all went that power of seeing everything in its proper perspective which is probably the clearest sign of human genius. He was able to combine the closest attention to the minutest details of a plan with a wide and comprehensive view of its general gestures : he saw every leaf and bough of every tree, and he saw the wood as a whole no less clearly. But indefatigable though he was in his energies and unerring in his judgment, he was of necessity involved in too many plans and schemes. He was engaged in pulling England out of a very tight place and could not by any means devote all his attention to the social and economic problems of the time. He had colleagues, of course, but men for the most part of inferior

¹ It is convenient to write of William Cecil throughout under this name, although he was not made Lord Burghley until 1571.

calibre, either hesitating or hot-headed. He had no cabinet of keen and experienced ministers willing to shoulder some portion at any rate of the responsibilities of office. We know in modern times how heavy a weight falls on the head of a government who also holds an ordinary office, whether it is Gladstone, both Prime Minister and Chancellor of the Exchequer, or Ramsay Macdonald, both Prime Minister and Foreign Secretary. The complexities of modern life are no doubt vast, but never was a situation so " ticklish " as that of England in the first years of Elizabeth, and the Chief Secretary of State was to all intents and purposes responsible for every branch of administration. There cannot, I think, be any doubt that Burghley was a much bigger man than Gresham: but that does not mean that he could have done without him. In point of fact the partnership between the two was a very lucky chance for England. If there had been a Gresham in every branch of national life, the task of Burghley would have been immeasurably lighter.

The first two years of the new reign were filled with difficulty, but in 1560 there began a period of activity so successful as to lead eventually to a great expansion of commerce and

growth of general prosperity. The two outstanding events in the economic field are the reform of the coinage in 1560 and the great and comprehensive Statute of Apprentices in 1563. Of these more anon : from the strictly financial point of view, the situation also began to improve. In 1559 it had barely been found possible, because of the expense, to mobilise a few troops on the Scottish borders and when it was rumoured that Philip was going to ship over to Scotland the large Spanish army, then concentrated in the Netherlands, a panic set in at Antwerp. Business men abroad were glad that they had been stiff about making further loans to Elizabeth, but in the event of war what would happen to the money already lent ? They prepared to cover themselves as far as possible by seizing all English goods in Flanders as soon as war broke out ; but fortunately the economic position was improved by a change in the political situation in the summer of 1560, when Philip recalled his army to Spain,¹ and the French troops evacuated Scotland in accordance with the terms of the Treaty of Edinburgh. These events only came just in time : the Spaniards left in June,

¹ His fleet had just been annihilated by the Turks off the coast of Tripoli.

the treaty with the French was in July, and in August no less than £150,000 of foreign debt fell due. Fortunately the political developments had improved Elizabeth's credit in two directions : the creditors were more willing to wait for their money and it was easier to procure fresh loans for which the rate of interest was now not more than ten per cent. All the same the position was far from secure ; the interrelations of politics and economics would not necessarily always work out for the advantage of Elizabeth, and when in the summer of 1562 she felt herself obliged to support the Huguenots in France both with men and money "this pen cannot write you," says Gresham, the bad effect it had on English credit in Antwerp, where every merchant was glad to be "quit of an Englishman's bill." The foreign loan was by this time up to £280,000, and something drastic had to be done. But here again Gresham had no particular inspiration : the one thing that was clear was that the money must be found in England if anywhere ; and it *was* found. Parliamentary subsidies were voted, which, with a clerical grant, produced a quarter of a million :¹ the

¹ Exactly the same amount as the cost of the expedition to Havre.

sale of crown lands (a desperate remedy which could not be used indefinitely) produced £170,000 spread out over the years 1560—1563. By 1565, the foreign loan was reduced to about £17,000—a remarkable achievement, but there still remained £90,000 of the Havre expenses to be paid off. Yet Elizabeth now had a most valuable asset—the reputation of paying her debts whenever possible, and the interest on them always, and this put her in a better position than most sovereigns of the time.¹ Moreover, England was materially strong in the sense that her fortifications, and naval and military equipment generally, were in good condition. The Government, too, had learned in the school of necessity the useful lesson of economy in the routine expenses of administration. The reform of the currency had restored confidence to the merchants: the labour legislation of 1563 had done something at any rate to solve the industrial and agricultural problems of the time, and there was far more opportunity than there had been previously for a general expansion of industry and commerce. All the same, the basis of this prosperity was somewhat pre-

¹ Cf. the sinister reputation of Henry IV of France and its bad results.

carious : a few bad harvests, an outbreak of plague,¹ a successful plot, a war, or even the rumour of a war, and in a very short time the newly built structure of prosperity would come toppling to the ground.

In order to get a satisfactory view of the state of England by the time that Elizabeth had, so to speak, found her feet, it is necessary to look rather more closely at two points which have hitherto only been noticed in passing, the recoinage and the Statute of Apprentices. The former was an adventurous proceeding with considerable risks attached, although as a matter of fact it ended actually in a small profit for the crown.² That, however, was only by the way : the real object was to restore the circulating medium to a good and certain standard, so that the exchanges would be subject to less violent fluctuations, foreign merchants in England would be more willing to receive our money without haggling and, above all, domestic prices would be stabilised to the general improvement of trade and increase of commercial confidence. The existing silver

¹ Such as that which was said to have followed the return of the soldiers from Havre.

² Unlike the next important recoinage, that of 1696, which entailed the Government in a loss of more than two millions.

was to be called in and carefully tested ; coins would be graded as good, fair, and bad, and fresh coins would be issued in accordance with the value, after this official grading, of the coins surrendered. Those who gave in a lot of bad money must, of course, lose at the moment but would, it was suggested, recoup themselves by the general profit that would accrue from the new currency ; after all it was they who anyhow usually lost in the existing confused state of affairs, and only too often dragged with them the possessors of the better coins. The chief refiner, Daniel Wolstrat of Antwerp, was engaged for the service by Gresham, on the understanding that he should have a 5 per cent. commission on the amount of new currency put into circulation. The recoinage was carried through with remarkable smoothness and rapidity. Money was borrowed from Flanders and repaid with interest, but even so the Queen found herself a little to the good, owing to the fact that the grading of the old coins had had of necessity to be somewhat rough-and-ready, and many of them when melted down had provided rather more money towards the fresh currency than the amount given in return to the original possessors. A coin would very seldom have exactly the amount

of silver in it at which it was sold : the owner of a bad 6d. testoon would only receive 4½d. in exchange, although quite possibly it might contain 5d. worth of silver. But nobody grudged the Queen the profit she made out of the transaction. The grievance was rather that prices did not come down as had been expected : indeed they soared even higher and higher, and everybody was puzzled. If a debased currency had caused a rise of prices, a reformed currency should surely have produced a fall ! The explanation, of course, was that a new element had been introduced into the question, and one which had not been there before. The silver of the New World was beginning to trickle into England and make its effect felt for the first time. This it was which was counteracting the good results of the recoinage. Anyhow the fact was clear enough : prices were rising fast, wages more slowly ; this it was which was largely responsible for the labour legislation of 1563.

The recoinage seems to have been largely, if not entirely, due to the suggestion of Gresham, but there is no evidence that he was in any way concerned with the legislation of 1563, which, indeed, covered ground outside his own particular interests. It was a very comprehensive

measure, due partly, as has already been said, to the growing divergence between wages and prices, partly, also, to the shortage of agricultural labour, and partly, too, to the decay of the older "corporate towns," and the rivalry of newer centres of industry, bringing in its train a decline in the custom of apprenticeship, and consequently a falling off in the standard of goods produced. By the terms of the Statute, something was done to solve each of these problems. The property qualification necessary before a boy could be apprenticed was made lower in the "corporate" than in the country towns: this both assisted the former and made it more likely that youths from the latter would go to work on the land: this requirement was further met by a clause making agricultural labour the employment for all those not obviously otherwise provided for. The standard of workmanship was to be improved by a uniform seven years period of apprenticeship. For us, the most interesting part of the statute is that which tried "to secure to the hired person both in time of plenty and in time of scarcity a convenient proportion of wages." Wages, that is to say, were to be proportionate to prices, and as prices varied very much in different parts of the country, the

machinery laid down was that the Justices of the Peace in each county were to assess wages officially at the Easter sessions, taking into account the prices then prevailing locally. Punishments were to be inflicted both on those who asked more and on those who gave less. The earlier clauses of the statute seem to have worked pretty well, except that the "corporate" towns had really had their day and were merely bolstered up temporarily by the preferential treatment awarded them in the Act. About the assessment, it is less easy to speak with certainty. So long as the Privy Council existed as a strong and vigorous body, the J.Ps were kept well up to the mark : but when, after the Civil War, the influence of the Council declined the assessments became much more sporadic. By the end of the seventeenth century they had to all intents and purposes ceased to exist. But even before that, during the period of control by the Council, instances are found in which either no assessments took place (regardless of changes in the price level) or else the assessments were obviously inadequate to the local conditions. This was the natural result of entrusting this important duty to the class whose interest it was to keep wages down, and this interest was

bound to affect their assessments, however conscientiously they tried to discharge their duties. All the same, the Act was a bold and comprehensive measure : it obtained a very fair degree of success and remained nominally in force (although in practice not applied) until the early years of the nineteenth century.

CHAPTER SEVEN

Years of Prosperity

THE year 1565 saw the country temporarily through the worst of its difficulties. There had been a short but acute period of plague and famine during which trade with Flanders had been almost entirely given up, but this was now over ; over, too, was the period of commercial crisis or depression which had lasted from August 1563 to August 1564. Trade was beginning slowly but definitely to revive and four years of comparative prosperity set in. This was due in no small measure to the good effects of the recoinage and of the Statute of Apprentices, and to the improved credit of England resulting from the payment of the greater portion of the royal debt. These good years were coincident with the close of Gresham's residence in Antwerp ; and about the time he left a further period of depression began. But during this period, from 1565 to 1568, his correspondence gives the impression of a man less driven than previously to every sort of device and

expedient in order to contract or renew loans without which the government of the country could not be carried on. Indeed, there is much less talk of loans in his letters and much more of the general course of commerce, or the extent to which it was likely to be affected by the religious and political troubles of the Netherlands. The Regent, the Duchess of Parma, was never friendly to trade intercourse, and took every opportunity (such as that of the plague in England) to prohibit the importation of English cloth. There was, unfortunately, no Spanish ambassador in England, and although, towards the end of 1564, there was a temporary *entente* between Elizabeth and the Duchess, the English cloth fleet had already taken several experimental journeys to Emden and was seriously contemplating making a permanent move either to that port or to Hamburg. The citizens of Antwerp naturally viewed this contingency with apprehension, and besought Gresham to bring them back : this, with the help of Burghley, he was able to do and thereby won their deep gratitude, and incidentally " the first present that ever I had of this town."¹ Still there was always the

¹ Though this was given in advance, as a bribe rather than a reward.

possibility of further trouble between the two governments and the Merchant Adventurers were by no means certain that they would not be in a securer position if they migrated further north, and this attitude made a most useful diplomatic weapon in the negotiations between England and the Duchess. Thus Burghley added in his own handwriting a note to one dispatch to Gresham to the effect that “ herein may ye say (. . . if they demand of you *ironice* whether we mean to have a trade at Emden or Hamburg) that to what places our merchants will or shall go with their cloths you know not : but well you are assured that our merchants make a full account (*i.e.*, are confident) that the commodities of our country are of that nature that wheresoever they shall be carried they will well maintain a mart. And you may add, that although you have no commission so to say, yet you know that the intention of a great number of merchants, is, rather to go with their commodities to some other places than thither (*viz.*, Antwerp) and that the stay of them to continue in those countries (the Netherlands) cometh principally of us, that are in no wise disposed to change the intercourse, except we shall be constrained by their doings there.” If, that

is to say, the Flanders government becomes hostile, the English government will cease to put pressure on the Merchant Adventurers to stay in Antwerp and will encourage them in what is already their own purpose, to migrate elsewhere. There were, as a matter of fact, drawbacks to both Emden and Hamburg though naturally Gresham was not instructed to reveal them : but his agent, Clough, had produced a long memorandum on the subject and had come to the conclusion that it would really be best to concentrate the cloth trade in some home port such as Hull or York. At Emden the people are “ rude both in word and deed, not meet to entertain merchants ; and not that only, but also without order of belief, not fearing God nor the devil, maintainers of Anabaptists, libertines and all other kind of damnable sects.”¹ Hamburg was not so tainted with heresy, but there also the Adventurers would find “ a people rude, and nothing inclined to our nature ; envious and beggarly both of goods and wits ; incivil in manners and without all mercy where they are masters.”

¹ He continues : “ Without any reverence to God ; as it is to be well seen by their Churches, for that in one place they preach, and in another part of the church there lieth feathers nets and barrels, with divers other unseemly things not fit to be set in those places.” Quoted by Burgon, II. 59.

Moreover in spite of their boasted independence it could not be guaranteed that they would be able to withstand the Emperor, should he take a definite line against the English newcomers. The days of home staples were clearly passed : therefore the Hull-York idea was never seriously considered ; but that there was something in the objection to the northern parts was shown by various untoward events in the later history of the Merchant Adventurers. This, however, was in the future and the existence of alternative centres of trade facilitated considerably the diplomatic negotiations between England and the Netherlands. It was not till 1569 that there was an open breach of a serious kind.

The relations between the two governments continued, however, to be so delicate that any news that could be given of affairs in Flanders was eagerly welcomed. Gresham was invaluable for this purpose ; he was very much more than a raiser of loans and negotiator about debts. He was in touch with all the prominent men in the Netherlands and made an admirable diplomatic agent : in 1560 he actually held for a short time the post of English Ambassador at Brussels, and it was then that he was knighted. His letters are

full and frequent and, as he was in a unique position to know what was going on, the information he sent was of the greatest value. In particular the religious troubles are noted at length, by Gresham himself if in Antwerp, or in letters to him by his agents. Thus the Protestant riots at Antwerp on August 20th, 1566 are fully described, and Gresham was quick to point out to Burghley the inconvenience to trade and finance which would arise from these disorders. On September 4th of the same year Gresham dined with William of Orange by special invitation, and had an important conversation : " he of himself discoursed with me all the proceedings of this town, and what a dangerous piece of work it was, and that now he had agreed with the Protestants, which agreement he caused to be read unto me . . . the copy thereof I send you here enclosed. But in all this discourse he said ' the King would not be content with this our doings ' which causeth me to think this matter is not yet ended, but like to come to great mischief." William seems, on this or another similar occasion, to have spoken with great freedom of the assistance which the confederated Low Countrymen hoped to receive from sympathisers in other

lands “wine laying open the secrets of his heart” but “thus threatening in his rage, after supper he was mollified by a song.”¹ Gresham himself was always being asked whether Elizabeth in the event of civil war would help the Flemish reformers as she had helped those of France and Scotland. He always refused to give a definite answer : he was a man of business, he said, not a statesman or councillor, though of course the information he sent was most valuable to Burghley. But after his return to London that same autumn the burden of correspondence fell on his agent, Clough, who was able to send detailed information of the general course of events, military preparations, *et cetera*, but was naturally not in a position to learn so much from the chief actors in the drama. In February 1567, the Reformed Church at Antwerp wrote to both Burghley and Gresham asking them to use their influence to get the Queen on their side. No official answer seems to have been given, but Gresham was over in Antwerp shortly after and was there approached by Marcus Pirus (Peres) “one of the chief of the congregation.” “He desired me of friend-

¹ Strade, *De Bello Belgico*. Trans. Stapylton V., 133. Quoted by Burgon, II. 166.

ship to shew him, if he or any of his friends would go into England, whether they might live there in quietness and safety." To this question there was no harm in returning a quite definite answer. "I told him 'Yes,' and that there was many come over already for religion. So that, sir, if their religion hath not good success in this town, I will assure you that most of all this town will come into England." The story of the various immigrations of religious refugees into England and their influence on the development of English industries (especially new branches of the cloth trade) is too well known to need further repetition.¹

There was talk also of the possible transfer to England of quite a different industry, that of munitions. The Duke of Alva made a proclamation in 1567, to the effect that gunpowder thenceforward was to be manufactured

¹On the other hand, Catholic malcontents migrated from England to the Netherlands. "Here be many papist knaves of our nation," wrote Gresham to Burghley; and concerning "a villain friar that so unreverently preached against the Queen's Majesty," he expresses the hope that "if the dog come abroad, *i.e.*, into the streets, a' shall be well bastinadoed." During the Marian régime it had been the other way round and Gresham had befriended at Antwerp the author of *Foxe's Martyrs*.

only in the King's mills at Mechlin (Malynes,) upon which Clough wrote to Gresham as follows : " they that were wont to live by making of powder are now undone, wishing that, if they would come into England, they might have a place appointed to make powder and license to sell the same to all men that cometh. Which, if they had, I would not doubt but they would go into England ; and where they go, the great quantity of salt-petre and brimstone will follow." Although nothing came of this, the whole question of arms and munitions of war was one which had interested both Burghley and Gresham for some time past. Reference has already been made to the fact that they had been able to put England into a good state of defence in these respects. Much of the equipment had come from the Netherlands, and the fact that the money advanced to Gresham would largely be spent on these objects had no doubt been an inducement to Flemish financiers to make their loans. The Flemish government however had not looked with favour on the trade, and various subterfuges had to be employed to keep the transactions secret : even in private correspondence between Burghley and Gresham a kind of cipher is to be employed. " In

the last ships," Gresham once writes, " that went from hence I sent you ten piece of velvets . . . and for that you write me you understand not what velvets should be . . . you shall understand that every piece of double-grain velvet is one thousand (lbs.) weight of corrin powder and one piece of velvet of pile and a half is 1,000 (lbs.) weight of serpentine powder." Serpentine powder it should be noted, is a weak form of gunpowder suitable for small arms, while corrin or carnel powder is less granulated and therefore stronger.

But in this respect as in many others, the policy of Burghley was to make England as self-supporting as possible. He had for some time been investigating the possibility of developing the mineral resources of the country, and in 1568 two companies were formally incorporated, to wit *The Governors, Assistants and Commonalty of the Mines Royal* and *The Governors, Assistants and Society of the Mineral and Battery Works*. These two undertakings were merely the development of what had been going on for the last six or seven years, though under a different name and in a less formal manner : earlier, they had consisted of a group of partners for each enterprise (of two only

for the Mines Royal of whom one had been a German) and as these by themselves had not had enough capital, they had found it necessary to invite the assistance of subsidiary shareholders. The formal incorporation of 1568 was merely the recognition of this fact in a legal way with a view to making the future progress of the undertakings more regular and secure. Of the influence of these two firms in the development of Joint Stock Companies more will be said later ; our present concern is rather with them as producers of arms and munitions, and here they may be said to have been very fairly successful. Copper, certainly, was mined in considerable quantities, mainly in Cumberland, and it may be noted in passing that in 1566 Gresham went surety for the payment of the German miners who were imported to work the mines round Keswick : calamine was no less important and was found in Somersetshire : zinc, however, was harder to come by, and still had to be imported. The Crown, by the terms of the concessions, was to have a ten per cent. royalty, while the country as a whole was expected to gain enormously by the possession of the metals required for the casting of cannon. Gunpowder also was now being manufactured in England,

under the stimulus of Burghley, but the great expansion in this direction came later in the reign. In any case the country was becoming much better provided with munitions than previously, while the Muscovy Company was giving valuable assistance by its importation of ropes, hemp, tar, and other naval stores. The actual personnel of the fleet was helped by the enactment of the "Political Lent," in accordance with which certain meatless days were ordered, by no means for religious reasons (this was made perfectly clear in the Act) but for the encouragement of fishing, as it was on the fishermen of the land that the navy would rely for its sailors in time of war. All this made a considerable impression on the Continent and Gresham wrote from Antwerp as early as 1563 commenting on the good state of the English navy "which is not a little spoken of here among all nations."

This, then, may be considered to be the position at the end of this period of prosperity, which marked also the end of Gresham's residence in Antwerp. The Queen was beginning to feel her feet ; her position on the throne, though still far from secure, was much stronger than it had been on her accession ten years before. The good effects of the recoinage of

1560 and the labour legislation of 1563 were being felt in the way of an expansion of trade and industry. From the point of view of navy, fortifications, and munitions, the country was growing stronger every day. Her foreign commerce was growing, though not on the traditional lines ; its main lines in Europe were already definitely shifting northwards to Emden and Hamburg and even into the dark recesses of Russia, but it was also spreading into even remoter parts of other Continents. The crushing burden of debt had been reduced, and although it was now growing again, it was far less difficult to raise loans than it had been earlier. Finally, though the great struggle with Spain was as a matter of fact still nearly twenty years distant, the causes of difference between the two countries were constantly increasing, and it was in Flanders that this was becoming most evident ; and in Flanders, at any rate, the Spanish Government was even then not prepared to underrate the potential strength of England ; “assuring you, sir,” so wrote Gresham to Burghley, “that the Duke de Alva is more troubled with the Queen’s Majesty’s great credit and with the vent (sale) of her highness’ commodities at Hamburg, than he is with anything else, and quakes for fear.”

CHAPTER EIGHT

The Royal Exchange and Gresham College

GRESSHAM did not live to a great age : he was only 60 when he died suddenly on November 21st, 1579 whereas, of the more eminent of his contemporaries, Archbishop Parker lived to be 71 and Burghley 78. After his retirement to London, he usually added only a brief note to the letters he received from Clough, or his other agents abroad, before forwarding them to Burghley. But he was still engaged from time to time in negotiating royal loans through these agents, but here, as in trade, the movement was increasingly northward, and it is with the merchants and financiers of Cologne and Hamburg, rather than those of Antwerp, that these transactions now generally (but not exclusively) take place. Of these activities, and the part played by Gresham in the seizure of the Spanish treasure, more will be said later. It is better perhaps to concentrate on his foundation of the two institutions by which his name is specially remembered. The scheme for some sort of an Exchange had

been in his mind since 1564, the year in which his only son had died, leaving him apparently for the time without any very settled purpose for the ultimate disposal of the considerable wealth which he had even then acquired. In January of the next year he approached the Court of Aldermen of the City, offering to provide a building if they would find the site. Previously, the London merchants had discussed their business affairs either in the transepts of St. Paul's Cathedral or while walking up and down Lombard Street. The latter place was for obvious reasons the more suitable, "but their meetings" Stow says, "were unpleasant and troublesome, by reason of walking and talking in an open, narrow street . . . being there constrained either to endure all extremities of weather, viz. : heat and cold, snow and rain, or else to shelter themselves in shops." The merchants themselves had apparently been for the last quarter of a century discussing, in a more or less desultory way, the advisability of erecting a permanent place of meeting. Consequently Gresham's scheme went through with only that amount of delay which seems inseparable from any plan of public utility. In this case it was caused by the necessity of raising by sub-

scription money for the purchase of a site : this found, the work went promptly forward and may be best summarised in Stow's account. " In 1566 certain houses upon Cornhill, and the like upon the back thereof, in the Ward of Bread Street, with three alleys, the first called Swan Alley, opening into Cornhill : the second called New Alley, passing through out of Cornhill into Bread Street even against St. Bartholomew Lane ; the third called St. Christopher's Alley, opening into Bread Street Ward and into St. Christopher's parish, containing in all four score householders, were first purchased by the citizens of London for more than £3,532¹ and were sold for £478 to such persons as should take them down and carry the stuff from thence. Also the ground or plot was made plain (level) at the charges of the City, and then possession thereof was by certain Aldermen in name of the whole citizens, given to Sir Thomas Gresham, Knight, Agent to the Queen's Highness, thereupon to build a Bourse, or place for merchants to assemble in, at his own proper charges : and he on the seventh of June laying the first stone of the foundation, being brick, accompanied with

¹ To which sum, we learn from another source, about 750 individual citizens contributed.

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some aldermen, every one of them laid a piece of gold ; which the workmen took up and forthwith followed upon the same with such diligence that by the month of November in the year 1567 the same was covered with slate and shortly after fully finished." A year hence (December 22nd, 1568, to be precise) the London merchants entered into possession. Thus came into being the Exchange ; but it was not yet the Royal Exchange. For this title it had to wait till January 23rd, 1571, when Queen Elizabeth entered the city in state. She dined, says Stow, at Sir Thomas Gresham's in Bishopsgate Street and "after dinner Her Majesty, returning through Cornhill, entered the Bourse on the south side : and after she had viewed every part thereof above the ground especially the 'pawne' which was richly furnished with all sorts of the finest wares in the city, she caused the same Bourse by an herald and a trumpet to be proclaimed the *Royal Exchange*, and so to be called from thenceforth and not otherwise."¹

The Royal Exchange seems architecturally to have been a most attractive building. It was burnt down in the Great Fire of 1666 when, appropriately enough, only the statue of

¹ Stow, *Survey*, ed. Kingsford, I. 192,3.

Gresham survived the conflagration, but there are various prints extant, some of them going back to 1569, which show what it looked like. It was apparently closely modelled on the Antwerp Exchange, and it was from Antwerp that much of the material used in the building had come. Gresham, it may be said in passing, often procured for his aristocratic friends goods which could be bought better on the Continent than at home. Thus for Elizabeth he got "rollers for head-pieces of silk," for the Earl of Devon 1000 crowns' worth of plate, glass for the Earl of Ormond, and for Burghley slates, boards and paving-stones for Burghley House at Stamford which was then being built.¹ The general scheme of the Exchange was a four-sided building, with three storeys on the outside and two in the courtyard, and on top a high-pitched roof with dormer windows. The courtyard was designed in the form of a piazza with cloisters, while on the outside, just by the main entrance, was a graceful tower, an almost exact replica of the one at Antwerp : in it was a bell which rang daily at noon and 6 p.m., the hours at which the merchants were

¹ Half a century later, Sir Edwin Sandys has paving stones sent over from Amsterdam. *Vide* Ferrar Papers in the Library of Magdalene College, Cambridge.

in the habit of assembling. The whole was of brick and stone, subsequently stuccoed over, but not in Gresham's time nor, probably, to the advantage of the general appearance. Besides the exchange rooms, the building contained a large number of shops ; the whole of the ground floor on the outside seems to have been used for this purpose, and there were also a hundred small shops above, connected with one another by what was practically a covered road, after the manner of the older shops in Chester to-day. From the rents of these Gresham hoped to recoup himself to some extent for his expenditure on the building as a whole, so that his generosity was not without its limits. At first the shops stood empty, but in three years' time they were paying rents of about £4 10s. each, and although to begin with the trade was not of a very glorified kind, it soon rose : “ for *then* the milliners and haberdashers in that place sold mousetraps, bird cages, shoeing horns, lanterns, Jews' trumps,¹ *et cetera* although *now* it is as plenteously stored with all kind of rich wares and fine commodities as any particular (single) place in Europe. Unto which place many foreign princes daily send, to be served of the best sort.”²

¹ Presumably what we now call “ Jews' harps.” ² Stow.

Four carved figures of a grasshopper, Gresham's emblem, stood over the corners of the building, and a fifth, of enormous size, was perched on the little spire which crowned the tower. It is interesting to discover that quite soon after its foundation the Exchange began to get a bad name as a home for loungers and idlers, as is shown by the following extract from the Inquest Book of the Cornhill Ward, under the date 1574.¹ “The Exchange was presented (*i.e.*, complained against) for that upon the Sundays and holy days there meet great number of boys and children and young rogues, who, as well in the forenoon as in the afternoon, make such shouting and hallooing that neither the honest citizens who walk there for their recreation can quietly walk nor one hear another speak ; neither can the parishioners in the Church of St. Bartholomew near adjoining to the Exchange, or such others as come to the sermons : therefore we most humbly pray that the same may be redressed.”

In the Pepysian Library at Magdalene College, Cambridge, are preserved prints, collected by Pepys himself, showing the appearance of various London buildings before the

¹ Quoted by Burgon, II. 355.

Great Fire. Among these are several of the Exchange, including one particularly attractive engraving of it at its busy time, with a dense throng filling the whole space of the cloistered court. These are neither young rogues "shouting and hallooing" nor honest citizens "walking for their recreation," but grave and reverend merchants, assembling very obviously upon their lawful occasions, though not afraid to show themselves to posterity dressed in the height of fashion. In the same collection is to be seen an "*Iconographical Draught*, showing the merchants' walks in Exchange time, which is twice a day from XII a clock to I at noon, and from VI to VII in the evening." The Cloister of the Exchange is shown divided into squares and partitioned among the merchants engaged in the various branches of external commerce; to each one or more "walks" is allotted, viz., Scotland, Ireland, France, the Jews' Walk, New England, Virginia, Norway, Holland, Spain, Portugal and the East Country, this last meaning probably the Baltic lands. There seems to have been no separate "walk" provided for the merchants trading with Russia or the East, but the East India Company, the Russia Company, and the Turkey Company all had premises of their

own, where their business was presumably transacted.

The present Royal Exchange is not, of course, either the original building or the one which was put up to take its place after the Great Fire: this in its turn was burnt down (on January 10th, 1838) and the present building was formally opened by Queen Victoria in 1844 and at her special command, following the precedent of Elizabeth, the title of *Royal* was again conferred on the Exchange. The cloister plan of the original structure is still preserved, although the cloisters themselves were roofed over in 1884: on the side walls are various frescoes illustrating important events in the history of the City: their artistic merit varies, but *Modern Commerce*, by Frank Brangwyn, is one of the finest works of art to be seen in London. Two others of interest are *The Opening of the Exchange by Elizabeth* (Ernest Crofts), and *The Destruction of the Exchange by Fire in 1838* (Stanhope Forbes), this last having been presented in 1920 by the Royal Exchange Assurance to commemorate their bicentenary.

Gresham's other foundation is perhaps less well known though more definitely connected with his name. By the terms of the will

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which he made in July, 1575, his house in Bishopsgate Street was to go to his wife for her lifetime, but thereafter it was to become Gresham College, an institution where free lectures were to be provided for all who cared to hear them. Seven subjects were to be dealt with, one on each day of the week, to wit, Divinity, Astronomy, Music, Geometry, Law, Medicine and Rhetoric. For each of these there was to be a professor, who was to be unmarried and enjoy an official residence in the College, which, being in the form of a four-sided court, was very suitable for the purpose. The professors' salaries, of £50 each, fairly generous for the period,¹ were to be derived from the rents of the shops in the Royal Exchange. The actual buildings and the government of the institution were vested jointly in the Corporation of the City and the Mercers' Company, which latter body had, sixty years before, been made by Dean Colet the governing body of his new foundation of St. Paul's School.

After the death of Lady Gresham in 1596, these two bodies entered on the heritage confided to them, but distrusting their own powers

¹ More, as Burgon points out, than Henry VIII had provided for his Regius Professors of Divinity at Oxford and Cambridge.

of choice requested the Universities to make the first nominations to the Professorships. Oxford at once agreed to act, but Cambridge was inclined to hang back. During Gresham's lifetime there had been a certain amount of feeling expressed as to his avowed purpose of giving this endowment to London rather than to the home of his own studies.¹ It was now felt that the London College might be a serious rival. This, however, seems only to have been a passing phase of pique, and in the end three of the professors appointed were Cambridge men, three came from Oxford, while Dr. Bull, the famous musician, held a degree from both Universities. Of the music foundation Burgon writes that "although at Oxford and Cambridge music shares in academic honours with divinity, law and medicine, Gresham College presents the only instance in England of an endowed lectureship for the promotion of that divine art." Whatever we may think of his choice of adjective, this is certainly not true to-day, however true it may have been of 1839.

Lectures were given at Gresham House until 1768, when the trustees complained that

¹ Especially as it was alleged that he had expressed his intention of founding a new college in Cambridge. The Public Orator was actually once instructed to address a remonstrance to him on the subject.

the rents from the shops in the Royal Exchange did not produce the necessary income : after that, the lectures were given at the Exchange itself until 1843, when the present Gresham College was built at the corner of Gresham Street and Basinghall Street. They are not now conducted on the elaborate scale laid down by the founder, but very good courses are given from time to time ; they are, of course, free, and are often well attended, but with the increase in London of educational facilities of all sorts Gresham College has, not unnaturally, lost the unique position which it once held.

Gresham House was not, as we have seen, used for the College till after the death of Lady Gresham, and it was here that Sir Thomas himself lived for the most part, though he also put in periods of residence at Osterley in Middlesex, where he had a house and where also he built, in 1565, what were probably the first paper-mills to be erected in this country. He had several other houses, at which he resided from time to time, including Mayfield in Sussex, Westacre, Intwood Hall and Kingshall in Suffolk. This sounds almost incredible, but then Gresham was known to be the wealthiest commoner in the land. He did a great deal of entertaining, and Elizabeth visited him both

at Mayfield and at Osterley. He entertained Cardinal de Chastillon at Gresham House in 1568 ; this was a piece of official hospitality, as the Bishop of London, who was to have been host, was ill.¹ At Gresham House also, only six months before his death, he entertained for three days the illustrious Count Casimir of the Palatinate, who was over in England on a diplomatic errand.

A less pleasant duty was entrusted to Gresham when he was given the custody of the unfortunate Lady Mary Grey, who added to the crime of being the youngest sister of Lady Jane the indiscretion of marrying (in 1565) a Mr. Thomas Keys, the “sergeant-porter” of the Queen’s household. Keys was not a person of any political importance, but still, according to Burghley, “the offence is very great.” It was, say the minutes of the Council, “an offence which the Queen’s Majesty taketh much to heart,” the trouble apparently arising from the fact that this somewhat unequal alliance² had

¹ The distinguished visitor was one of the famous Coligny brothers : he had already been a Cardinal for seventeen years before he became, at the age of twenty-eight, a “great aider of Lutherians” !

² Unequal in two ways, for the sergeant-porter was very big while Lady Mary was very small and, moreover, their respective positions were very different.

been entered into secretly, without consulting the Queen or, indeed, anybody else, for, said the unhappy bride, “she never spake with none before” (meaning before the event). In any case they were committed to two different prisons, Keys to the Fleet, where he died five years later, and Lady Mary to a somewhat less rigorous imprisonment. Her place of confinement was none other than Chequers (in Buckinghamshire), now well known as the country residence of the Prime Minister for the time being. In those days, needless to say, there was no such thing as a Prime Minister, nor did the estate belong to the ancestors of the generous donor, Lord Lee of Fareham : it was the residence of a Mr. William Hawtrey to whose charge the unfortunate lady was committed.¹ Gresham was not as yet involved, but in 1567 Lady Mary was taken from Chequers and handed over to the Duchess of Suffolk, her step-grandmother, and after another two years was entrusted to the care of Sir Thomas and Lady Gresham, the reason for this particular change not being recorded.

From now on his correspondence, however much filled with matters of grave political or

¹ The Hawtreys had lived there since the end of the 13th century.

commercial import, seldom fails to have a reference to the unfortunate prisoner and the incubus he finds her, ending with a petition that she may be taken elsewhere. On July 19th, 1571, he goes so far as to send his best thanks for her removal, but this was clearly an intelligent anticipation of what did not, as a matter of fact, take place, for on August 1st he writes that she is not gone yet, nor is she on September 4th. On September 8th the sergeant-porter died, but this made no difference and letters of October 5th and November 26th all tell the same tale. And so goes on the chronicle of lamentation, and it was not apparently till some time in 1573 that she left his house.¹

But except for this comparatively minor source of trouble, his life ended in prosperity. He was rich almost beyond the dreams of avarice, although he had a few days of serious fright, when it looked as though his final settling up as Royal Agent might actually land him on the wrong side financially.² This, however, he averted by what was uncommonly like a piece

¹ She died in 1578 and seems in the end to have been restored to comparative favour with Elizabeth. The whole story has been attractively told by Miss M. B. Whiting in an article entitled "*A Ghost at Chequers*" (*Contemporary Review*, August, 1923).

² See below, pp. 151-3.

of sharp practice, definitely discreditable to his reputation but leaving him in a position of impregnable security. The furniture alone at his residence at Mayfield was valued at £7,500, while he was able, after making provision for various charitable bequests, to leave to his widow an income of more than £2,000 a year.¹ But he was, in a sense, a disappointed man : he had always been full of ambition, and yet he had no male heir to carry on his successes and to raise to still greater heights the name and honour of the Greshams.² He had been lame for nearly twenty years, as the result of a fall from a horse, and was also gouty, but this affliction was not very severe, for we find a correspondent of Burghley mentioning him by name as a living advertisement of the value of Rhenish wine as a cure for gout.³ His death came from an apoplectic stroke, according to Holingshed who records that "on Saturday the 21st of November, 1579, between six and seven of the clock in the evening, coming from the Exchange

¹ The equivalent, in modern figures, of about £20,000.

² His son had died in 1564. An illegitimate daughter survived him, who married Sir Nathaniel Bacon, the half-brother of Lord Bacon.

³ He goes on to say that for himself, as a result of drinking Rhenish, he "does not now spit almost at all" !

S. P. For. 1575-77, 1393.

to his house (which he had sumptuously builded) in Bishopsgate Street, he suddenly fell down in his kitchen, and being taken up, was found speechless, and presently dead." He was buried in the Church of St. Helens, Bishopsgate, with much pomp, at an expenditure of £800, more than twice what was usually spent even at the obsequies of well-known persons. The general consideration of his work and influence must wait for a separate chapter.

CHAPTER NINE

Good and Bad Cycles

CHAPTERS of books are artificial divisions ; even the death of a great man, however eminent, though it may earn from journalists the title of " the close of a chapter," does not usually mark in a clear-cut and definite way the end of one period and the beginning of the next. When, we may well ask, did the Victorian Age finish ? Was it with the death of Victoria herself, or with the death of some one of those many celebrities who have earned for themselves the title of " the last of the Victorians " ? Can it indeed be said to have ended until the very last was gone, or did there have to be a quorum, so to speak, of eminent Victorians to preserve the hallowed age from becoming Edwardian ? In any case, the death of a man like Gresham was obviously not the end of an age, while the value of his work can only be truly estimated if it is seen in conjunction with its results. It is well therefore to finish the examination of the financial position of England by seeing what happened after

Gresham's retirement from Antwerp, and then again what happened between his death and the defeat of the Armada, and finally to round off the whole by reaching forward to the death of Elizabeth when, according to the stories of the time, she left behind her a debt of £400,000. If this was so, Gresham's work would seem to have failed : he had been able, no doubt, to produce palliatives, but not to effect any permanent cure for the inveterate disease of national indebtedness.

The medical analogy is not, perhaps, a fair one. Gresham's policy towards the royal debts was more than a palliative ; it was the suggestion of a definite course of action likely to be productive of results beneficial in the highest degree, *so long as they went hand in hand with the strictest economy*. If expenditure was kept well within the neighbourhood of income, a reputation for the punctual repayment of debts combined with an advantageous turn of the exchanges would guarantee to the Crown such loans as might be necessary from time to time to meet unexpected or emergency obligations. That was all that could be claimed for the activities of Gresham. If the Crown either chose to embark upon, or found itself compelled to embark upon, adventures of an

ambitious kind, entailing expenditure considerably in advance of revenue as a normal and not an occasional burden, the Gresham policy could not possibly be expected to succeed. It might lower the rate of interest at which money was borrowed ; it might even stave off the evil hour by prolonging the periods of the loans when they fell due for repayment ; but it could not work a miracle.

That periodic cycles occur in every branch of economic life is, of course, a commonplace, as is the fact that these fluctuations are influenced to a greater or less extent by political considerations according as the period in which they are found is one of primarily economic or political forces. It is in the middle of the sixteenth century that these cycles begin, at any rate in a marked way and one that can be studied in some detail. It is through the painstaking researches of Professor W. R. Scott that we are able to trace them as clearly as we can ; but it is doubtful whether even Professor Scott could have drawn an equally clear picture for any earlier period, by reason of the lack of adequate materials on which to work. In the sixteenth century, however, detailed documentary evidence of many kinds begins to accumulate ; consequently the cycles of prosperity and adver-

sity stand out clearly, not unaffected by political considerations. For it is unnecessary to emphasise the two obvious points, first, that political happenings, at home and abroad, had a tremendous influence on economic developments and, secondly, that at this time purely economic factors were beginning to count for more than ever before. This, indeed, is one of the interests of the period ; it is transitional in many ways and not least in the overlapping of political and economic considerations. It is by no means clear as yet to which of them the future will *primarily* belong—primarily because, of course, the influence of neither can at any time be entirely obliterated. The various bank crises in England (since the Act of 1844) can scarcely be put down to political causes, but the raising of the bank rate in August, 1914 obviously can ; and while the increase of prices between 1900 and 1914 has an almost exclusively economic cause, the increase of prices since 1914 is due to economic causes produced by political events.

The period of good trade, which had continued from 1565 to 1568, gave place to a period of commercial depression, which started just about the time that Gresham was retiring

from Antwerp and lasted until 1575, when eleven "fat years" came along, only to be succeeded by seventeen "lean years," which continued in fact until the very end of Elizabeth's reign ; for the equally long period of prosperity which followed (interrupted only by a severe crisis in 1617) belongs entirely to the reign of James I. This, then, is in brief the story of the trade cycles during the reigns of the last Tudor and the first Stuart. To return now to the bad period, 1569-1574. Political considerations were closely interwoven with economic, many bankruptcies followed the seizure of English goods in Flanders in 1569, and this seizure was in its turn the Spanish retaliation for the holding up by Elizabeth of the Genoese loan to Alva, of which more will be said shortly. It was the culmination of a period of mutual mistrust, and was as much political as economic. The further bankruptcies which followed Norfolk's insurrection at the end of 1569 may be said to be partly political in origin, but the losses caused by the five bad harvests of 1570-74 were purely economic. It may perhaps be noted here in anticipation that the next bad period was inaugurated by three of these factors, the rising in this case being Babington's plot of 1587, in

Sir Thomas Gresham

which year there was again a bad harvest, and again a series of bankruptcies.

The political position during this period was that there was danger of war at any moment on any of the three fronts, France, Scotland and Flanders. The country was well prepared and equipped for military operations, thanks to the efforts of Burghley and Gresham, but there was no reserve of money with which to wage a campaign. It was quite arguable that what funds there were would be better employed in subsidising the Protestant malcontents who in each country, fortunately for England, were arrayed in almost or complete defiance of the government, and who in each case looked to England for assistance. Alva's feelings, we have already discovered.¹ The French were equally alarmed, and their Ambassador was intensely relieved when he found that the big naval expedition of 1569 sailed eventually for Hamburg and "for this time at any rate" forbore to proceed to the assistance of the Huguenots at la Rochelle. In Scotland Mary managed to ruin her own cause and soon ceased to be a problem; or, rather, she became a prisoner of Elizabeth and still remained a problem, but of a quite different kind from

¹ above, p. 103.

formerly. Scotland, at any rate, was no longer a menace whatever Mary herself might be. It was with the Spaniards in Flanders that trouble was most likely to arise.

The interest for us now centres in the action of the privateers on the one hand, and in the dealings of Elizabeth with the Genoese treasure on the other. The story of Drake, Hawkins, Frobisher and the other "sea dogs" is for many of us *the* epic of Elizabethan England, or, at least, the entrancing prelude to the magnificent drama of the Armada. But it must not be forgotten that these adventures had their commercial side ; they were run on business lines and a 100 per cent. profit was looked on as almost contemptibly small. They were organised and financed by syndicates, in which the Queen herself joined more than once, and they served a political as well as an economic purpose inasmuch as they caused great annoyance to the Spaniards and yet could be officially disowned in case of need. These expeditions mostly belong to the "good" period after 1575, and the most famous of all is Drake's voyage of 1578-80 ; but they begin as systematic depredations during the years of crisis which we now have under review (1569-1574) and were an outlet for enterprise at a

time when trade depression was closing the more ordinary channels. Earlier still, they had existed indeed but in a most sporadic fashion, and had been confined almost entirely to raids against Spanish ships in the Channel, whereas when they became systematised and semi-official they included also more ambitious ventures against the harbours of South America, and the treasure galleons which staggered across to Spain in convoys which were both unwieldy and insecure. Nor were the English the only enemies of the sort whom the Spaniards had to face. The Revolt of the Netherlands began in 1570 with that picturesque band of buccaneers for conscience' sake who called themselves the "Sea Beggars," men who were first cousins of the English privateers in race and their brothers, almost, in daring, skill and hatred of the Spaniards.¹

In 1568 an event took place which was destined to be of some importance. A big fleet passed up the Channel taking to Alva a loan of bullion from Genoese bankers, for Philip, like Elizabeth, found his political embarrassments to be also expensive. This fleet

¹ As a matter of fact, hostilities of a kind had begun in the previous year when eighteen privateers, armed with *letters of marque* from William of Orange, had started pillaging Spanish commerce in the Channel.

was attacked by English privateers, who captured some of the vessels and drove the remainder to take refuge in English harbours. This happened to coincide with news from Hawkins that he had, in an encounter with the Spaniards in the Bay of Biscay, lost all the treasure which he had amassed in his recent voyage, and had moreover had many of his sailors captured by the enemy. Of what this involved, Englishmen were under no misconception. Stories were abundant regarding the cruelty of the Inquisition, and it was felt indignantly all round the sea-coasts that the Spaniards were exercising far more than legitimate self-protection when they turned against foreign prisoners (even if they chose to look on them as pirates) tortures which were intolerable enough when inflicted on native heretics. Therefore there was strong feeling against meekly handing over the treasure to Alva as though it were a brooch picked up in the street and returned to its rightful owner. The arguments for retention were strong. Alva and Elizabeth both needed money : how useful, then, that the money should stay with us and not go to him. Those whose tender consciences reminded them that we were not actually at war with Spain were reassured by

remembering that the treasure would not belong to Alva until it was actually handed over to him (for those were the terms of the loan) ; till then, it belonged to the Genoese, and with them we could surely make some sort of an agreement, transferring the loan in fact from Alva to us. In this way there could be no suggestion that we were *stealing* the money, while as we were actually in possession of it we had a strong argument in favour of making almost our own terms as to the rate of interest to be paid. Repayment would, of course, have to be considered eventually, but not for some time yet and anyhow this could be largely effected by the old expedient of juggling with the exchange. These were forcible arguments, considering the state of our finances and of our relations with Spain ; it was on these lines that Gresham strongly urged that the treasure should be “taken care of,” and so it was ultimately arranged. It was transported to the Tower, but how much there was of it we do not know for certain. There was £90,000 still there in 1569, and a good deal had already been “borrowed” for debt redemption. All this was in accordance with Gresham’s advice ; to Burghley he wrote on August 14th, 1569, “seeing this money in the Tower doth pertain

to merchants (*i.e.*, the Genoese) I would wish the Queen's Majesty to put it to use of some profit ; as to mint it into her own coin, whereby she shall be a gainer of £3,000 or £4,000, or enrich her realm with so much fine silver. And for the repayment thereof Her Majesty must pay it by way of exchange, or otherwise, to her great fardell¹ and profit. As also Her Majesty may take it up of the said merchants upon interest, upon the bonds accustomed, for a year or two ; which I think they will be right glad of : and so with the said money Her Majesty may pay her debts both here and in Flanders, to the great honour and credit of Her Majesty throughout all Christendom."

It is to be doubted, however, whether this ingenious manoeuvre was really successful in the end. Alva was not prepared to go to war, but he immediately confiscated all goods belonging to English merchants whether in the Low Countries or in Spain ; and although Elizabeth retaliated with a similar seizure of Spanish goods in England, *her* haul seems to have been less than £50,000, whereas the

¹ Gain. This instance is actually the one quoted in Murray's *Dictionary* to illustrate this meaning of the word.

English losses were nearly £200,000.¹ In addition, needless to say, there was a complete stoppage of commercial relations between England and Flanders, and the money-market at Antwerp was also closed to English borrowers. One way and another the situation was gloomy indeed. The Customs revenue was falling off owing to the trade depression, and an attempt to raise money in Germany was unsuccessful. We were driven back on our own resources : two years before it had been necessary to pay as much as 16 per cent. interest on loans ; now money was still harder to come by and in 1570 Gresham complains that he "never saw the scarcity of money as is here now in the City." A special lottery had done little more than raise suspicions that the Queen was getting an unnecessarily large prize out of it. In the end Parliament had to be summoned and in 1571 it granted, with some reluctance, a subsidy which brought in £16,000. In return some economic grievances were remedied ; the forerunners of the monopolists were attacked, an Act was passed regulating the position of

¹ On the other hand, Philip was prevented from giving the Catholic malcontents the financial backing which he had promised them, and this materially contributed to the failure of the rising in the north of England in 1569.

bankrupts, and the Usury Law of Henry VIII was, with some modifications, re-enacted.¹

By the combined assistance of the subsidies and the treasure in the Tower, Elizabeth was able to reduce considerably her burden of debt, although the Tower money merely meant that she had incurred a liability for the remoter future to the Genoese to whom it belonged. In April, 1572 a commercial truce with Spain was patched up (the great point was that Alva had had to go without his money) and only a couple of bad harvests stood in the way of a return to prosperity, which came along in 1575. Trade improved and credit with it, while tremendous sums were amassed by the privateers, of which the Queen took a liberal portion. When Gresham died the country was in a flourishing state, both commercially and financially : the only question was the extent to which the position might be looked on as stable for the future. The prosperity of 1563 and 1565 had not lasted. Why should the prosperity of 1579 be any more permanent ?

¹ *Vide* p. 146.

CHAPTER TEN

A Summary of National Finance, with a Note on Gresham's Fortune

(a) National Finance

TO claim Gresham as the author of a single thing called "Elizabethan commercial prosperity" would obviously be absurd. Prosperity, as has been seen, went then as now in cycles, and in Elizabeth's time the bad years outnumbered the good, while the last eighteen years of her reign were in many ways the worst. Gresham himself worked no miracles and left the big problem of national expenditure unsolved ; necessarily so, inasmuch as neither he nor anyone else could control the extent to which expenses would be incurred for unforeseen and emergency causes. By the time of his death his methods were unequal to the situation, so much had it changed even within a few years. Neither loans from abroad nor exchange-rates nor an increase of home revenue relative to expenditure (and these were his expedients)

were now to be looked for. The following quotations from Professor Scott sum up the position. “The winter of 1580-81” (just after Gresham’s death, be it noted) “represents the culmination of the financial administration of Elizabeth. With only moderate assistance from Parliament she had been able to extinguish the Crown debt and to improve the status of the country abroad. The improvement was due less to the increase in the ordinary revenues, even when supplemented by aids from Parliament, than to quite exceptional receipts, such as that resulting from Drake’s expedition.”¹ Of a few years later he writes: “During the great national trial of 1588 England had to depend almost wholly on its own resources,” and he goes on to show that this meant in effect grants from Parliament, acquired with some difficulty, and private loans from companies or individuals and these too were at the moment hard to come by. In point of fact the Armada was upon us when we were not really well prepared, so much so indeed that “during the critical weeks immediately prior to the battle there was a great shortage in the provisioning and powder supplies of our ships.” So great

¹ The *Golden Hind* voyage of 1577-80, from which the Queen made over £250,000.

was the risk that England then ran and so narrow her escape from disaster.

It is unnecessary to go into the details of national finance after the death of Gresham. The movement was towards the north, even during his lifetime. As early as 1567 Antwerp was practically deserted by the English merchants in favour of Hamburg, and Gresham's agent, Clough, became "Deputy of the Fellowship of the Merchant Adventurers" in that place. Rather later, Northern Germany became an important centre for finance as well as for trade ; for example, in 1576 Coleshill wrote from Cologne to Burghley to the effect that "the Deputy Governor at Hamburg has written that there is offered 100,000 guilders by one Heinrich Ronsoe after 8 or 9 per cent. for 2 years, and that in January next the money-men of Holstein and others have a meeting when there will be a great store of money at reasonable interest."¹ But from the Government's point of view the old problem remained as pressing as ever, how to pay for the *exceptional* expenditure, which political circumstances from time to time made necessary, when it was as much as a sober economist could do to balance revenue and *normal* expenditure. It is good

¹ *S.P. Foreign*, 1575-77.

to bear this point in mind since it has become a commonplace of the text-books that Elizabeth kept *her* throne and Charles I. lost *his*, just because the former *could* and the latter *could not* economise when required. How big these pressing emergency items might be is seen when we realise that the wars during the reign of Elizabeth cost altogether, by land and sea, more than five millions ; of which the biggest single item is the two millions (all but £75,000) which Ireland cost in the last ten years of the reign. Compared with this, the Armada expenses (£161,000) seem ridiculously low, but along with them must be taken the half million spent on the Low Countries between 1587 and 1590. On the other hand, Ireland had earlier cost half a million over the two items of the rebellions of O'Neil and Desmond. Put in a summarised form and in round figures these items work out as follows :¹—

	£
Scotland, at very beginning of reign	178,000
Rebellions (Norfolk, O'Neil and Desmond)	570,000
Ireland, in addition to the rebellions.....	1,925,000
The Low Countries	1,400,000
France, including the Havre expedition	530,000
The Armada	160,000
Contributions to the voyage of Adventurers	180,000
 Total	 4,943,000

¹ *Vide* Scott, *op. cit.* vol. III, p. 527.

These large sums were, naturally, not met out of ordinary revenue. To meet them, at one time and another the following grants (roughly) were made :—

	£
Clerical subsidies	450,000
Lay grants	3,000,000
<hr/>	<hr/>
Total	3,450,000
<hr/>	<hr/>

In addition, over £800,000 was realised by the sale of Crown lands. But even so there was a matter of about £700,000 to be carried forward as a deficit to be discharged by degrees out of such surplus of ordinary revenue over expenditure as there might be from year to year.

Putting aside emergency items, the attempt to standardise normal income and expenditure is interesting. This went back to the beginning of the reign, the time of the economy campaign of 1560, when the ordinary revenue was estimated as likely to be just under £200,000. At the same time, the ordinary expenditure was fixed at £134,000, so that there ought to have been a surplus of nearly £70,000 a year : but on this, as has been seen, there were many

claims, especially for armaments and military equipment at home and the reduction of the great burden of debt abroad, some portion of which went back to the time of Henry VIII. All the same, however much she might be thrown out of gear by special and unforeseen problems it is very creditable to Elizabeth and her ministers that she was, in a time of rising prices, consistently successful in keeping her normal expenditure within the limits laid down in 1560, and indeed during the decade beginning 1570 she was often quite markedly on the right side. During the '80s also the same average surplus (of £70,000) was generally realised, although by this time both ordinary revenue and ordinary expenditure had increased somewhat, fortunately in about the same proportions. In the '90s the revenue increased rather more than the expenditure, and for the last five years of the reign we find that the average expenditure was £225,000, and the average revenue £325,000. This was largely due to an advance in the Customs rates : it left the Queen a handsome surplus, but the alteration in the value of money since the beginning of the reign is to be noted. Prices, generalising very roughly, may be said to have risen 500 per cent. during the period,

and wages, whether of skilled or unskilled labour, about 200 per cent. So that it would look as if even at this time the assessments of the J.P.'s were being barely adequate.

It is perhaps needless to repeat in closing this aspect of the subject that the relations of normal expenditure and revenue, interesting though they are, do nothing to illustrate for us the real financial position of the country, which was determined rather by the relation of *extraordinary revenue to extraordinary expenditure* ; and here the tendency was for there to be a considerable deficit. The chief items on both sides have been seen on pages 137-138. The position when Elizabeth died was that she was nominally in debt to the amount of £400,000 (so that the old stories about her are to that extent true) but that there was £300,000 still to come from the Parliamentary subsidy voted in 1601. Considering the economic difficulties with which she had been faced without intermission from the very beginning of her reign, she may be considered to have done very well, especially when we remember that France went bankrupt twice during this period and Spain once. In spite of her rashly generous gifts to Essex and other favourites, the established opinion seems to be correct

which sees her strength to have lain largely in her parsimony in *ordinary* expenditure. Had she not had this yearly surplus of £70,000 or so, her *extraordinary* expenditure would have been absolutely crushing.

To what extent, it may be asked, had Elizabeth reason to be grateful to any improvements in the technique of Finance? The problem of the foreign exchanges was no less acute then than now, and even less understood. One thing, however, the men of the time were clear about. They wanted no control of exchange business by the Government. The prohibition of the export of bullion was considered reasonable, but in that case common-sense seemed to urge that exchange operations should be freely allowed to all and sundry. Consequently a real stoppage of commercial activity followed an attempt in 1551 to abolish private dealings in the exchanges, and the obnoxious prohibition had to be withdrawn next year. A similar experiment in 1559 was also only of temporary duration, but a more serious move was made in 1576, when it was decreed that "no man ought to make exchange and rechange of money¹ but such as Her Majesty shall authorise." This Proclam-

¹ i.e., deal in money bills.

ation, like its predecessors, provoked the most violent opposition from the citizens of London and also from the resident Italian merchants : these latter drew up a memorandum pointing out the extent to which trade was bound to suffer, and the usual result followed, namely the withdrawal of the prohibition. Gresham himself was on principle opposed to this particular form of control although, of course, a large amount of his time was taken up in trying to bring the exchanges more and more in favour of England. His own favourite plan was to buy small quantities of English money in Antwerp every day, with such persistency that the steady demand for sterling would cause its exchange value to improve. This was what he had suggested in 1553,¹ but the home Government had soon tired of the experiment because, the Council said, "that manner of exchange is not profitable for the King's Majesty :" in other words the good effects were bound to be slow and almost imperceptible in coming. The problem naturally gave rise to a good deal of prejudice, and it was sometimes stated that the low position of sterling on the Antwerp Exchange was due to the machinations of foreign merchants

¹ *Vide* above, p. 59.

“ who will be able with their money and cunnings to make the exchange to rise and fall as they shall think good for their gain and our loss.”¹ The *causa causarum*, however, according to the writer of this particular memorandum was that England imported more than she exported, and the ordinary mercantilist argument was adduced that “ if England would spend less of foreign commodities than the same commodities will pay for, then the remain (*i.e.* the balance) must of necessity be returned of (in the shape of) silver or gold.” But leaving aside the balance of trade argument which is really only remotely connected with the exchanges, even Gresham was inclined to underestimate the effect of currency alterations at home, and it would appear that the great improvement of sterling at the end of the reign of Edward VI was due less to his own devious schemes than to the beneficial results of the “ calling down ” of the value of silver money in 1551.² The recoinage of 1560 was, of course, in its way also a form of deflation,

¹ Schanz, *Englische Handelspolitik* II., p. 648. *Per contra* Gresham speaks of a rumour among the Antwerp merchants “ that I will rob them of all their fine gold and silver.”

² *Vide* Tawney, *Discourse upon Usury*, p. 83.

bringing in its train a move of the exchanges in our favour, although, as Gresham had pointed out earlier, such changes however beneficial in the long run always brought loss at the moment, to some at least. "The Exchange" he writes to Elizabeth, "in King Edward's time (when I began this practice) was but sixteen shillings (*i.e.* of Flemish currency for a £ sterling). Did I not raise it to twenty-three shillings and paid his whole debts after twenty shillings and twenty-two shillings? Whereby cloth fell in price from twenty-six and eightpence to sixteen shillings wherein there was no man touched but the merchant, for to serve the Prince's turn: which appeared to the face of the world they were great losers, but to the contrary in the end, when things were brought to perfection, they were great gainers thereby." He does not go on to say whether Sir John Gresham, who had lost heavily by the rise in sterling, was "a great gainer" in the end, but he will at any rate have many sympathisers to-day from those who have speculated in the goods of a country with a depreciated currency and then seen their value abroad fall suddenly through a rise in the exchange. "It is no marvel," said Gresham, "my uncle doth storm at the matter, for

he hath bought £4,000 or £5,000 in wools."¹ He was not implacable however : " he and I was at great words, like to fall out, but ere we parted we drank each to other."

The fact of the matter is that the interests of the Crown and the merchants by no means always coincided and Gresham, who was both a merchant and a Crown agent, was in a uniquely favourable position to notice what was going on, (and incidentally to take advantage therefrom). A transformation of commercial and financial methods was taking place before public opinion had had time to adapt itself to the new conditions. Modern commerce and medieval ideas naturally found it hard to live together, and the simple, ordinary folk attributed to wickedness on the part of individuals faults inherent in the whole system, a system which as yet they did not understand and which they would have disliked even if they had understood it. Gresham was undoubtedly helping to alter men's minds as well as their practice, not least in the protests which he made from time to time against the Usury Law of 1552 : as has been seen, exemptions from the penalties of this Act were often granted, and indeed without such exemptions little of

¹ Burgon, I., p. 100.

Gresham's work could have been done. Even without exemptions usury was often demanded : thus the following case, as revealed in a letter from Sir Francis Englefield the very year before the Act was repealed, is characteristic of many others except that the rate of interest is perhaps unusually high.¹ "Mr. Thurland has taken up £200 in the Duchess's name, the interest whereof for one year will be £38, —a plague on these usurers—and if it be not paid at Hallowtide next the interest will still increase, Mr. Thurland's surety be in danger and Lady Hungerford's credit be impaired, beside the great grief it will be to her." So long as the Act of 1552 remained on the Statute Book, the ordinary man would of necessity feel encouraged in his instinctive repugnance to "these usurers," even though his reason might point out to him how essential interest was to economic life. When the complete prohibition was removed by the legislation of 1571 practice would not alter very much, but a striking effect would be made on men's minds, for "what the law permits it commands." All the same, the influence of the new Act must not be exaggerated : it is

¹ Letter to Dorothy Essex, May 7th, 1570. *S.P.D. Eliz.* Add. XVIII. 53.

scarcely true to say that interest was now permitted : what was actually laid down was that any attempt to take a rate of *over ten per cent.* was to be severely punished, while even an agreement to give *ten per cent. or less* could be set aside on appeal to a Court of Law. This appeal, however, was not likely to be made, at least not in transactions between merchant and merchant, and the disappearance from the Statute Book of Scriptural denunciations (such as had figured in the Act of 1552) was bound to bring it home to men that the question had now become one of expediency rather than of moral law. The taking of interest up to ten per cent. was not "commanded," but for practical purposes it was "permitted."¹

(b) *Gresham's Fortune*

IT may well be asked how Gresham was able to amass his large fortune. Did it all come from the normal profits of his activities as Goldsmith and Merchant Adventurer, or was he able, in spite of the parsimony of the Queen,

¹ The Act is printed in full, together with the parliamentary discussion on it, in Tawney and Power, *Tudor Economic Documents*, Vol. III., pp. 154-163. It is interesting to notice that, of the loans outstanding under the management of Gresham at the end of 1571, just under half were sums owing to London merchants. (Scott, *op. cit.* III. 511.)

to extract considerable commissions on the loans he contracted on her behalf? The answer is clear, yet curious. His official income was never great. Of his commissions, a very large sum was queried right at the end and had he lost over this point his fortunes would have been most adversely affected: yet he won, though by somewhat underhand means, and died vastly rich as well as widely respected. But first of all, as to his normal salary. This was apparently twenty shillings a day, about equivalent to £6 of our money, and in the language of the time was a "diet:" during his trip to Spain (see page 66) this was increased to thirty shillings. In addition he was paid considerable sums for his rent in Antwerp, usually £76 13s. od. a year, and the "diets" of four clerks at one and fourpence each, although for the most part he seems actually to have employed only two. The travelling expenses of himself and his various agents were also fully allowed for, to say nothing of office furniture and equipment. In addition he was given a special yearly allowance of £25, and as this was supposed to be earmarked for the due entertainment of the Queen's various creditors in Antwerp it throws an interesting light on the necessity for conciliating well and

truly those who could not actually be paid what was owing to them¹. Furthermore, on his financial transactions he was allowed a brokerage of half per cent. (which he sometimes had to share with others) and as the loans were usually contracted in Flemish currency but paid into the Tower in English he was allowed an arbitrary rate of exchange, varying of course from time to time but always, as far as can be made out, definitely generous from Gresham's point of view and well in advance of the actual market rate. Again, if at any time (and this seems to have happened fairly frequently) his account with the Queen shewed a balance in his favour, the surplus was not at once paid over to him but waited until the next time of general settlement, and in the meantime he was allowed to charge interest on it, so that an accumulated surplus of this kind often brought in a good deal of money. Finally, he had the presents of land made him by Edward VI and Mary, the value of which, we know, amounted to over £300 a year. Elizabeth, it will be remembered, had at her accession "made him young again" by her

¹ Thus "to-morrow I do make a 'bancket' to all the Queen's Majesty's creditors, when I do intend to make as good cheer as I can."

promise that she would do as much for him as they had done, but she does not seem to have kept her word, and on March 17th, 1562 he is found being bold enough to remind her of this.

So far, however, was he from getting the reward he hoped for that when he went abroad next year he discovered that the Queen's passion for economy had taken the form of "abridging me of my diet," and there followed some anxious and rather undignified correspondence before he could get his twenty shillings a day restored to him, although even this, he pointed out, came only to a quarter of what he was forced to spend, and all this in spite of the fact that he was doing Elizabeth vastly greater services even than those he had rendered her two predecessors. Burghley, it may be noted, was complaining in much the same way of economies practised at his expense, and the English Ambassadors and Agents abroad seem to have been kept permanently on short allowances, without having the extra sources of remuneration which fell to Gresham's lot. The Queen may in any case not have been very pleased (although we have no evidence of this) with the account which Gresham had presented in 1562, covering a period of service

of three years and 159 days. In the course of this he claimed £200 for horse hire, a very considerable sum, and £1,819 3s. 5d. for "diets and necessaries." His own diet at twenty shillings (and as a matter of fact when in England he was often only given thirteen shillings and four pence) would have come to £1,259 for the whole period: even if four clerks at one and fourpence a day are to be included, the total will come only to £1,588 8s. which leaves a considerable margin for "necessaries," especially when it is realised that a further sum of £1,629 9s. od. was claimed for riding and posting charges. It would look as if Gresham had quite possibly made enough out of this to be able to stand a little "abridging" in the future.

It remains now only to treat of the curious episode to which allusion has already been made. Gresham's final accounts were being checked with some severity and a good number of claims were being either disallowed or considerably cut down. The final balance-sheet between him and the Crown shewed him about £10,000 to the bad,¹ even when he had been allowed every possible reduction for ex-

¹ i.e., he had received £10,000 more than he could account for.

change, and so forth. Gresham, however, was not defeated and came out with an extraordinary claim for £11,500, being interest at twelve per cent. for ten years (and exchange at twenty two and sixpence to the £) on a surplus alleged to have been standing to his credit all that time. The auditor was not prepared to pass this, but let him have the duplicate statement of the accounts as they then stood. Gresham took this off with him to Kenilworth, where the Queen was, and persuaded her, through the good offices of Leicester, to allow the Commissioners of the Treasury (or such of them as were then in attendance at Court) to sign an acquittance form for him at the foot of this duplicate account. The auditor therefore found himself confronted with an amiable *fait accompli*, nothing less than a complete discharge for Gresham, who therefore by this audacity and unscrupulousness (for this was what it amounts to) got out of what would have been a very serious embarrassment. The auditor was naturally annoyed that Gresham had thus gone behind his back but had to make the best of a bad job. He had, at any rate, won on the point of principle ; Gresham's claim had been formally disallowed ; he had been unable to account in full for sums he had

undoubtedly received ; he only pulled through by confessing it as a debt and getting the Queen to remit it. It was altogether not a very creditable end to Gresham's official career.¹

¹ The whole story may be found in Hall's *Society in the Elizabethan Age*, pp. 66-68. The form of discharge and the auditor's comment are printed in Appendix V. p. 183.

*A Summary of Elizabethan Industry
and Commerce*

FINANCIALLY, England weathered the storm though with some difficulty. What was happening to her meanwhile in other aspects of economic life? As regards the earlier part of the reign of Elizabeth some answer has already been given, but it will be well to take stock of the general state of affairs as they stood, not at the death of Gresham but at the accession of James I. The importance of the reign is that it did make serious efforts to come to grips with the questions which had faced the earlier Tudors, but with which they had been unable or unwilling to cope. Put in its briefest form the problem was this: was Capitalism to be allowed to enter England, and if so, under what limitations? The first half of the question scarcely admitted of any doubt. Capitalism all through Western Europe had clearly come to stay. It was, in a sense, the Renaissance in its economic aspect. But granting that it was there, the official attitude towards it might take one of three shapes.

It might try to narrow its operation and possibly even, in course of time, get rid of it ; this was the policy of Edward VI and Somerset. It might allow it free course, practically without limitations ; this was the policy of *laissez faire* two centuries later. It might recognise its existence as a permanent element in economic life but try to direct it into channels that would be socially beneficial ; this was the policy of Elizabeth and Burghley.

The attitude of Edward VI had been clearly impossible. "I think it is a good thing that no man should have more than two farms or 2,000 sheep." No doubt, but how could you prevent it ? Edward VI and his advisers had certainly not found the way, although we must grant that, when they descended from heights of impossible and old-fashioned idealism to practical affairs, the "Commonwealth party" presented a very attractive contrast to the cynical grabbers of the days of Henry VIII ; they were able to shew that they could combine the new economic forces (enclosures and the like) with a due respect for the welfare of the humbler classes of society.¹ The reaction

¹ Witness their activities at Godmanchester. Tawney, *Agrarian Problem*, pp. 369, 370. A fuller statement of Edward's position, in his own words, will be found in Appendix II. p. 175.

which followed the fall of Somerset must have brought it home to all who had any sort of conscience in these matters that the alternative policy of unrestricted competition, push, and grab and so on, would have seriously disintegrating effects. Thus the social policy of Elizabeth was of necessity as much of a compromise as was her ecclesiastical policy. *Medio tutissimus ibis*, and the middle way meant the recoinage, the Statute of Apprentices, the Cottage Act of 1589, the control of the corn market and the Poor Law.

By the recoinage, a good circulating medium was guaranteed, and it was hoped at first that the soaring prices would be brought down. When it was realised that these were due to other causes than the debased currency, the Statute of Apprentices hoped by its assessment clauses to guarantee that wages would rise in fair proportion ; at any rate, exploitation by wealthy employers was made theoretically impossible. The purpose of the Cottage Act was to ensure that agricultural labourers should have land let to them as well as a cottage, while the appointment of clerks of the market in the various districts was designed to control the corn dealers, and stabilise prices as far as possible. Finally, for those who became

unavoidably dependent on charity, an organised system of relief was established under the Poor Law Acts of 1597 and 1601.¹ Although the fullest hopes raised by these measures were doomed to disappointment, taken together they must be considered to represent a serious attempt to maintain social conditions in a static form, paying in return for this stability the price of minute Government inspection and control. Capitalism was allowed, but was to be kept in its place. We had got rid of complete stagnation ; we were not yet ready for complete freedom of enterprise.

As therefore we have got *inside* the country an admittedly intermediate step between mediæval and modern conditions, it is to economic activities *outside* England that we must look for the fullest applications of the new possibilities of Capitalism. In foreign trade the changes were of necessity more marked than in internal life. The mere widening of the geographical boundaries ensured this, and the rise of great firms such as the Fuggers and the Welsers introduced the international ramifications of capital which we know nowadays, though as yet on not so large a scale. The

¹ themselves consolidating, and improving on, a long series of earlier Statutes.

Fuggers we have met already ; the Welsers in addition to many other activities had obtained concessions in Venezuela which, though unsuccessful in the end, have a very modern look about them. In England we failed to produce great commercial families and firms : instead we had individual merchants amassing comparatively modest fortunes, and situated as we were geographically we had a natural tendency to think of trade in a conservative way as a matter of Staplers and Merchant Adventurers, trading with Flanders and the nearer parts of the Baltic. The beginnings of a change have already been noted, and without going too much into details it is the further development of the Joint Stock Company which demands our attention as the specifically English contribution to the commercial revival of the time.

For practical purposes the Joint Stock Company for foreign trade means in the sixteenth century the Muscovy Company first, and the Africa and Levant Companies a bad second and third. The foundation of the Muscovy Company in 1553 has been already described.¹ The Africa Company started the same year and the Levant Company in 1581. The Africa Company was in its origin an

¹ See above, p. 68.

extended form of individual partnership, while the Muscovy Company was more a development of the older co-operative type of Regulated Company. In either case, as has been seen, the principle of the Joint Stock Company was indicated as the only path along which success could come. But in either case also the conditions of the trade were so new that uninterrupted success could not be guaranteed, and we find a cessation of the African adventurers after 1567, while the profits of the Muscovy Company, enormous to start with, steadily diminished till here also the trade was temporarily suspended in 1570. The reasons for this need not be gone into; suffice it to say that increasing competition in this area, or a diversion of capital to other areas considered more promising, were likely phenomena to be met with in these times of experiment ; to say nothing of the effects of Government policy, either the policy of the home Government which could confer or abrogate a monopoly of trade, or the government of a foreign power which could in like manner cancel privileges if it considered them abused. Both companies subsequently re-started their activities, although the Muscovy Company was thoroughly re-organised first. It was impossible, in fact,

to contemplate the permanent disappearance of the Muscovy Company ; it was far too useful to the Crown. It did not, it is true, lend money directly in the way that Staplers and Merchant Adventurers did, however unwillingly. But it introduced into England most valuable naval stores and allowed the Government long credit on the transactions : equally it helped industry at home by providing a new market for English cloth. The dangerous point was its monopoly which it was inclined to use somewhat unscrupulously. The Africa and Levant Companies useful though they were, were of necessity less important.

In addition to these companies for foreign trade, the Joint Stock principle began to find its way into industrial ventures ; not at first into ordinary concerns but into those in which the Crown was especially interested. We have therefore in 1568, two Royal Charters for the incorporation respectively of the *Governors, Assistants and Commonalty of the Mines Royal* and the *Governors Assistants and Society of the Mineral and Battery Works*. In each case these bodies were merely formal and systematised versions of looser organisations of partners which had existed earlier.¹

¹ See above, p. 100.

The internal organisation of these various companies was not yet stereotyped ; "shares" did not mean quite what they do now, and there was inclined to be a confusion between "stock" "capital" and "commodities." The capital, as we should know it, was by no means always fully paid up ; when paid up it often took the form either of commodities or of a ship actually engaged in the trade in question, and in like manner dividends were sometimes paid in goods as well as, or instead of, in cash. The "stock" was the aggregate of the company's assets and was divided into a fixed number of shares ; and the value of each of these would fluctuate with the amount of capital required. The need for further capital would not be met by issuing additional shares but by making an extra call on each of the existing ones. This, of course, would often create a burden greater than the shareholder could bear, in which case he would not sell out his share but would divide it into halves, quarters or even eighths, some one or more of which he would dispose of to would-be investors. In this way there came into existence what was practically a market for shares, although to begin with these dealings were always among merchants personally known to each other and recognised

as being interested in the trade concerned. Moreover, these allotments were definitely subdivisions of a share ; they were in no way looked on as being a creation of fresh shares of lower denomination. This meaning of share is akin to our modern non-technical usage, for when three or four urchins " go shares in " a purchase of fireworks for the Fifth of November they are making a group of fixed numbers, although the amount each will have to pay is very likely not yet fixed. The " shares " will be more or less costly according as prices are found to have gone up or down, and if they are up beyond a certain point no new " shares " will be created but less fireworks will be bought, *i.e.*, the value of each " share " will have diminished. Similarly if two friends " go shares in " a hoard of " conkers " or cigarette-cards, the value of each share is not ascertained beforehand : only the number of shares is settled, to wit, two. The modern commercial practice is obviously the direct opposite ; the *value* of each share alone is fixed, and the *number* of shares may fluctuate, although each single *issue* will probably be limited in the number of its shares.

One of the chief problems of the age was how to bring into touch with one another the man

who had enterprise but no capital and the man who had capital but no enterprise. Had this problem been easier to solve, the influx of silver from the New World would not have led to so complete a disorganisation of the price level. It would have been more akin to what went on in the middle of the nineteenth century, when great discoveries of gold failed to produce a rise of prices because they were used to stimulate production, and the increase of goods produced kept pace with, or even went ahead of, the amount of gold discovered ; so that prices actually had a downward tendency, though this, of course, was partly due to other causes. The importance of these Joint Stock Companies is therefore obvious, even from the beginning. There was not yet in any real sense an investing public, nor were there more than a few enterprises inviting investments, but this little handful of trading and mining companies was doing pioneer work of the greatest value.

The final question arises of how much capital was actually raised for these ventures. The called up capital of the Muscovy Company and Africa Company was to begin with, as we have seen, very small. Professor Scott estimates that the various Joint Stock Companies

had in 1572 an aggregate subscribed capital of about £100,000, of which the Muscovy Company claimed nearly half.¹ During the period from 1580 to 1585 privateering became a serious rival, an alternative form of enterprise, and in the last five years of the reign, although privateering had declined, the companies all went through a period of what Scott calls "arrested development." "Trading outside England," he says "was subject to new and serious risks, while the series of minor crises, as well as the discussion about monopolies, tended to restrict invention at home."² Plague, bad seasons, the continuation of the war with Spain, the expulsion of the Merchant Adventurers from Germany, all helped to produce a period of commercial and industrial depression. So ended the glorious reign, and revival came only under James I.

By this time company trade had become a recognised feature of economic life and the question that remained was whether it should of necessity be on a joint stock basis, or whether the Regulated Companies might not be adapted to the new requirements. If so, and if they charged only a low entrance fee to cover costs

¹ *Joint Stock Companies*, I. 42.

² *Ibid.*, I. 102.

of administration, trade might be thrown open to all who would obey the general direction of the company ; for, as it was, the joint stock companies were incurring great odium through the alleged abuse of their charters of monopoly. The whole question came to a head with the Free Trade Bills of 1604, when the arguments on both sides were fully set forth.¹ Even if the promoters of the Bills were themselves not free from selfish motives their cry of the " Natural Rights of Englishmen " is interesting. It shews that the economic paternalism which, after all, was the keynote of Elizabethan policy (and possibly the cause of its success) was not to go entirely unchallenged. It is a far cry still to 1776 and the publication of the *Wealth of Nations*, but a new spirit is already abroad.

¹ They will be found in Bland, Brown & Tawney. *Select Economic Documents*, p. 443.

The pros and cons are fully discussed in Scott, *op. cit.* Vol. I, Chapter VI.

CHAPTER TWELVE

Gresham as a Roadmaker

IN what way and to what extent may Gresham be looked upon as a roadmaker ? His was an age, as we have seen, in which new roads were opening up and pioneers were urgently required. Gresham, however, marched in the vanguard ; he did not go ahead as a scout. He was not a man of any marked originality. He had commonsense, shrewdness, great industry and, obviously, a considerable talent for figures ; but he was no genius. He was modern in the sense that he was essentially level-headed, whereas the medieval temperament often ran to wild extremes. He was emancipated also from the medieval liability to confuse cause and effect, or more often perhaps to accept an immediate cause for a thing without looking further back for the remoter but more important cause. He was mentally alert and not a slave of tradition. But he was not fully modern : he never queried the general economic tendencies and assumptions of the age : he was interested that trade

should move from Flanders to Hamburg but he did not think of its moving to Buenos Aires or Bombay. To say this is not to accuse him of lack of foresight, but to suggest that his vision followed the ordinary lines rather more acutely than most of his contemporaries but did not pierce the mists of the future, as does by some inspiration the eye of genius. He was in fact a child of his own age ; and just as his own age was one of transition, so he also occupied a midway position between the medieval and the modern.

Gresham accepted the "new religion" with sincerity, and with it what may be called the Protestant attitude towards the taking of interest : without this, indeed, he could not even have begun his financial work, but this must not be emphasised unduly as an essential result of the religious changes. If a Protestant Queen paid interest, Catholic princes and merchants were quite willing to receive it. It is probable, however, that the economic development of England in the second half of the sixteenth century might have been in many ways different had the country remained loyal to Mary's reconciliation with Rome. The property of the monasteries, it is true, would probably never have been restored to them, but

the Elizabethan attitude towards the problems of poverty was definitely non-Catholic :¹ The substitution too, of official wage-assessment for the older doctrine of the "just price" was a development which might not have come under either a Catholic or a Puritan sovereign, nor, in all probability, would the tentative explorations of new channels for capital ;² while the political reasons for privateering would have been diminished had there not been the religious hostility between Spain and England. Moreover, to go back to the question of interest, it was not till Elizabeth had been on the throne thirteen years (that is to say, till the ecclesiastical *via media* was being followed) that she dared re-enact the Usury Law of Henry VIII, which had been repealed by the Puritan Edward and the Catholic Mary.

As regards the nature of Gresham's financial work, it has already been seen that he really

¹ Vives' epoch-making book on *Poor Relief* was in fact condemned by the Sorbonne because of its discouragement of indiscriminate almsgiving.

² It was in seventeenth century New England that many medieval economic ideas, such as those of Just Price and fixed ranks of life, survived longest. Wage-assessment had, of course, existed before in England, but not in so comprehensive a way.

provided no very fresh suggestions. He made the most he could for the Crown out of the intricacies of the foreign exchanges and he levied toll, so to speak, from the Staplers and Adventurers : but his main work, the work which occupied him month after month, was the unromantic and often heart-breaking task of interviewing creditors or potential creditors and by tact and persistence obtaining from them loans, or renewals of loans, at the lowest terms possible. His two great achievements were the bringing of some system into the loan organisation and the inculcation into the minds of the Queen and her advisers of the primary duty of being straightforward with the creditors. Honesty was the best policy and he made the truism more palatable by shewing the good results it brought with it. Even so, the expenses of government had largely to be met out of foreign treasure (however acquired) or from the sale of Crown lands, and the cutting down of royal forests. He realised the evils of a debased system of currency, in the sense that he saw the disastrous results which followed from the jostling together of good and bad coins, and he had no small part in instigating and arranging the recoinage. But there is no evidence that he appreciated the

scarcely less grave inconveniences which resulted from a bi-metallic system, however sound the individual coins might be, so long as the ratio between the two metals was liable to constant fluctuation.

Personally he had instincts of benevolent generosity, but he had also a definite idea of doing well for himself ; he managed to make very fair profits out of his financial errands and ran no personal risks, for the Crown undertook to bear all losses. He was a good servant of the Queen and a loyal ally of Burghley ; without him the daily work of carrying on the government would have been very much harder than it was. He himself was well served by his agents and was a kind and appreciative master. There was no other merchant in England who accomplished anything like what he did, but then no others had his opportunities ; it is doubtful, however, whether there were any who could have used them had they had them. Certainly after his death there was no one adequately to take his place. The fact that this was so, combined with the fact that the country managed to get along in spite of it, helps us perhaps to the best estimate of his value.

Burgon has likened him to Lorenzo de

Medici, a most fantastic comparison. His business ventures were on nothing like the scale of Lorenzo, nor did he ever attempt to dominate the whole state. He was "magnificent" it is true, but on a much more subdued level, and though he did much for the encouragement of learning he was not himself a distinguished scholar. He manifested none of those glorious enthusiasms which made the Badia at Fiesole or the Villa Medici the haunt of the most distinguished artists and literary men of the day, with Lorenzo himself thoroughly holding his own among his brilliant guests. Gresham, we may be sure, did not burn a lamp in front of a statue of Plato, nor was Lorenzo the sort of man to die in his own kitchen. However princely his possessions, Gresham remained a homely man, and therein lies much of his charm for us. He was not a genius ; he was not really a hero ; he was certainly not a paragon of all the virtues ; but he was a shrewd, level-headed Englishman, fit object of respect for a nation of shopkeepers.

APPENDICES.

APPENDIX I

Further extracts from the *Discourse of the Commonweal*, the references in each case being to the edition of Miss Lamond. (Cambridge University Press)

(a)

The reason for high prices (page 80.)

Doctor : You have yourself declared the reason why things within the Realm be so dear : for we must buy dear all things brought in from beyond the seas, and therefore we must sell again as dear our things, or else we should make ill bargains for ourselves. And though that reason makes it plain, yet experience maketh it plainer : for where you say that everything bought beyond the sea is commonly dearer by the third part than it was, do ye not see the same proportion raised in our wares, if it be not more, yea in the old coin itself ? Is not the Angel, that was before XX grotes, now at XXX, and so all other old coin after the same rate ? But I think there is no more silver given in the XXX grotes now than

was before in XX, if it be so much. And so I think, setting our coin apart, that we shall have as much silk, wines or oils from beyond the seas for our tod of wool now as we might have had before the alteration of this coin.

(b)

The foreign merchants' excuse for charging increased prices (pages 101, 2).

Merchant : If we did reckon that they did sell their wares dearer, because they demanded more pieces of coin than they were wont to do, that was no other fault, they said, but our's that made our pieces less, or less worth, than they were in times past : therefore they demanded the more pieces of them for their wares, saying they cared not what names we would give our coins, they would consider the quantity and right value of it that they were esteemed at, everywhere throughout the world.

(c)

How to keep the ratios right (page 109).

Knight : But one thing more I must ask, how they do in France and Flanders, where they have both brass coin, mixed coin, pure silver, pure gold current together ?

Doctor : I warrant you, by keeping of due proportion every metal towards other, as of brass towards silver a hundred to one, of silver towards gold xii to one. For the proportion of silver towards gold, I think, cannot be altered by the authority of any prince ; for if it might have been, it should have been ere this, by some one needy prince or other within two thousand years ; for so long it is since Plato, that other philosopher, was, which for his excellent wisdom was called *Divinus Plato*. He in his dialogue called *Hipparchus* sheweth that the said proportion was in his time between silver and gold : and the same is now still, for xii oz. of silver is worth but one oz. of pure gold at this day.

(d)

Need for a recoinage (pages 110, 111).

Knight : Still you would have us return to our old path whence we strayed : but all the mastery is in devising of the mean how.

Doctor : . . . I will put the case thus. Grant the King should make proclamation that, after Michaelmas next coming there should be no coin current within this Realm but only after the old rate ; and that every man should bring in his new coin to the King's Mint,

and there to have bills that, for every Xs. of new coin brought in to the King, to give them between Michaelmas and Christmas next after, or such a time, an angel noble, either in good gold or in good silver, of the old value viz., x groats to the oz. of silver and vi angels to the oz. of gold ; I ask what harm should come thereof ?

APPENDIX II

Edward VI's Social Ideals.

“ I think this country can bear no merchant to have more land than £100 ; no husbandman nor farmer worth above £100 or £200 ; no artificer above 100 marks, no labourer much more than he spendeth. I speak generally, and in such cases may fail in one particular, but this is sure : This Commonwealth may not bear one man to have more than two farms, than one benefice, than 2,000 sheep, and one mind of art to live by. Wherefore as in the body no part hath too much nor too little, so in a commonwealth ought every part to have *ad victum et non ad saturitatem.*”

This Extract is taken from the *Discourse about the Reformation of Many Abuses*, which is

attributed to the young King himself (quoted in Cunningham's, *Growth of English Industry and Commerce*, vol. I (5th Ed.) p. 560.)

APPENDIX III

The following extract from a letter of Gresham to the Duke of Northumberland (August 21st 1552) illustrates the general nature of the business on which he was engaged, and is also remarkable for the outspoken demand for the punctual repayment of the royal debts. It is printed in Burgon 1, 88-92.

It may please your Grace to be advertised that as the 20th of this present I came unto this town of Antwerp in safety ; whereas I found neither Jasper Schetz nor the Fuggers' factor (being at Brussels and looked for to-morrow at the furthest, being the 21st day.) With whom I shall treat according to such commission as the King's Majesty hath given me, wishing at this time that it may please God to send me such good success as that His Majesty's honour and credit may be nothing touched. For that it shall be no small grief unto me that in my time, being His Majesty's agent, any

merchant strangers should be forced to forebear their money against their wills : which matter from henceforth must be otherwise foreseen, or else in the end the dishonesty of this matter shall hereafter be wholly laid upon my neck, if anything should chance of your Grace or my Lord of Pembroke otherwise than well ; for that we be all mortal. Which matter I do not doubt, if God send you life, you will foresee in time, wherein I will advertise you my poor and simple advice at large.

But ere that I do proceed any further in this matter I shall most humbly require your Grace to pardon me of this my writing ; for that this matter toucheth the King's Majesty's honour and credit which I am bound by my oath to maintain and keep ; as also the very love and obedience I do owe unto you putteth me clean out of fear to write unto you this my full mind at large.

First it may please your Grace to understand that at my coming home I brought with me two bargains for to discharge the King's Majesty's debt, due the 20th of August, amounting to the sum of £56,000 ; as also an overplus to remain in the King's hands for the space of a year : and that was, I offered £52,000 in ready money, after the rate of £12 upon the hundred for a

whole year. And therewith the King's Majesty should have taken Manuel Rissi's jewel, which I offered once to you for £8,000, with another diamond of the value of £1,000 which jewel I shewed to the Council at Waltham . . . and they made their reckoning the jewels to be worth nothing, were they never so perfect or orient.

Secondly, I offered them a bargain from the Fugger for the prolongation of £25,000 and to have taken £5,000 in fustians : which also did not like them, saying that there was no other remedy but that the Fugger and the Schetz must forebear with the King's Majesty at this time : and that they would have them prolonged for another year, without taking of any merchandise or jewels. Which matter did not a little abash me, considering how things heretofore have been used. For as your Grace doth right well know, when the King's Majesty's Father did first begin here to take up money upon interest, Mr. Stephen Vaughan being his agent, he took the fee-penny in merchandise, either in jewels, copper, gunpowder or fustians. And so the matter hath passed ever since in taking of wares, when the King's Majesty made any prolongation, until the charge thereof was committed unto me.

Wherein I travailed to the uttermost of my power, and by the means of my friends I found the means to serve the King with £20,000 without taking of any jewels or merchandise, as your Grace best knoweth. And to be plain with your Grace in this matter, I was fain to give forth my own word that this money should be paid at the just day, or else the King's Majesty could never have had it. . . .

To be plain with your Grace in this matter, according to my bounded duty, verily if there be not some other ways taken for the payment of his Majesty's debts, but to force men from time to time to prolong it, I say to you the end thereof shall neither be honourable nor profitable to His Highness.

In consideration whereof, if there be none other way taken forthwith, this is to most humbly beseech your Grace that I may be discharged of this office of Agentship. For otherwise I see in the end I shall receive shame and discredit thereby, to my utter undoing for ever ; which is the smallest matter of all, so that the King's Majesty's honour and credit be not spotted thereby, and specially in a strange country where as at this present his credit is better than the Emperor's, which I pray to the living God long to continue.

(Gresham then proceeds to give his own suggestions, which have been explained and discussed above, page. 59).

APPENDIX IV

Gresham's instructions on being sent into Flanders, November 1553. (Burton I, 471).

Where we have been informed that Lazarus Tucker and certain other merchants of Antwerp have of their own good wills offered to lend us divers great sums of money, we—remembering the great debts left unpaid at the death of our late brother, and considering that as well in respect thereof as for many other great causes it should be very expedient for our surety and the commonwealth of our land to have a good mass of money in readiness to serve in all events—have thought good to accept the said offers. And for the better understanding of the said merchants' meanings, and full concluding with them, have appointed our said servant to proceed in such form as followeth.

First, the said Thomas Gresham, repairing to Flanders, shall covenant and bargain in our name and for our use with such merchants as

to him may seem most meet, for the sum of £50,000, or so much under that sum as he may get or attain unto, to be lent unto us for one year, to be repayed in Antwerp at the year's end with interest of xi or at th'uttermost xii in the hundred.

And for the surety of the repayment we be pleased that the said Gresham shall covenant to deliver such and like bonds, covenants and assurance to be by us signed and sealed with our great seal, and with the seal also of our City of London,¹ as in the time of our late brother hath been given in semblable cases.

And it shall be also lawful to our servant to take up from time to time during this commission money by exchange upon his own credit in Flanders, to be delivered in London for our use.

And all such sums as the said Thomas shall take up upon interest or by exchange shall be by him in most secret manner sent to London, in such coins of gold and silver as the said Thomas shall think most meet ; to be laden in Antwerp to London or Ipswich in every ship that shall depart to either of the said places, not exceeding one thousand pounds

¹ This pledging of the city's credit was a regular feature in the loan negotiations of the time.

Sir Thomas Gresham

sterling in one bottom. And further it shall be lawful also for our said servant from time to time to send to London over land from Antwerp to Calais, and so to London, by every such trusty person or persons as he shall put in trust, the sum of £3,000 sterling, th'adventure of all such sums of money as shall be so sent over, both by sea and land, to be borne from time to time at our charge and jeopardy.

And to th'intent the said Gresham may the better execute the charge committed by us presently unto him, our pleasure is that of the money to be by him received by force of this our commission he shall retain in his own hands and to his own use, not only the diets of 20s. for every day, the same to begin the day of the date of these presents inclusive, and to continue during his abode about our service in this behalf ; but also all such money as he shall pay for sending of any messengers, letters or treasure unto us. For th'allowance whereof these our instructions shall be sufficient warrant to such as shall hereafter have authority to hear his account for the premises.

(Gresham's Instructions on being sent into Spain, 1554, are printed in *Tudor Economic Documents*, ed. Tawney and Power. vol II. page 144.)

APPENDIX V

Of these notes (printed in Hall, *Society in the Elizabethan Age*, pages 161, 2)

(a) is Gresham's discharge, at the foot of the duplicate account, and (b) is the Auditor's comment thereupon.

(a)

And after, upon the return to Her Majesty by the said Commissioners of their whole doing and of how many sums of money, by the said Sir Thomas demanded to have been allowed to him, they have not made to him allowance according to his desire, whereby his debt remained as before (£10,883 15s. 4d.). Her Majesty, having in remembrance the faithful and painful service done to Her Majesty both in these services and otherwise, hath remitted to the said Sir Thomas Gresham the said debt wholly, as by a pardon under her great seal shall appear, and so he is discharged.

(b)

This book is not signed by the Commissioners forasmuch as at my going into the country after Midsummer Term, anno XVIJ mo domine *Elizabethae regine*, upon the making

up of this account which was shewed unto the Commissioners and by them not fully concluded, Mr. (sic) Gresham desired to have the duplicament to remain with him until my coming to London again, for that I had all his warrants and acquittances ; whereupon I delivered him the duplicament of his Account. And the Queen's Majesty being at Killingworth (sic) that summer, Mr. Gresham found that friendship by the Earl of Leicester to get his Account passed and got the Commissioners' hands to his duplicament before my coming up to London. And the foot of the Account of his duplicament written by whom I know not : so as I was fain to borrow his duplicament to finish and perfect th'account ; which said duplicament is enrolled before Mr. Fanshawe.

BOOKS RECOMMENDED

For Gresham himself, the best authority is still Burgon's *Life*. Frequent references to his activities occur in the *State Papers (Domestic Series)*, and many of these are printed, along with much other interesting material, in the three volumes of *Tudor Economic Documents* edited by Miss Eileen Power and Mr. R. H. Tawney. For the more specialised field of credit and finance, Mr. Tawney's Introduction to Wilson's *Discourse upon Usury* (Bell, 1925) will be found very useful, and Professor W. R. Scott's monumental work on *Joint Stock Companies* is, of course, a perfect mine of information for every aspect of Elizabethan finance, commerce and industry. On the political side, reference may be made to the companion volume in this series, *Queen Elizabeth*, by Gwen John (Leonard Parsons, 1924.)

PRINCIPAL DATES

1518 Probable date of birth of Thomas Gresham.

1543 Gresham admitted a member of the Mercers' Company and employed by the Crown on an errand to Antwerp.

1544 Gresham married Anne Read, widow of William Read, Mercer.

1549 *The Discourse of the Commonweal* written, though not published till 1581.

1551 (end of, or beginning of 1552). Gresham appointed Royal Agent, and takes up residence at Antwerp.

1553 Expedition out of which the *Muscovy Company* developed.

1554 Gresham present at the abdication of Charles V at Brussels, October 25th.

1559 Gresham knighted.

1560 Elizabeth's Recoinage.
Gresham fell from a horse and broke his leg, which resulted in permanent lameness.

1563 Statute of Artificers (or Apprentices).
Period of commercial depression.
Probable date of building of Gresham House, Bishops-gate.

1565 Beginning of period of commercial revival.
Gresham established paper mills at Osterley in Middlesex.

1566 Protestant riots at Antwerp.

1568 Incorporation of *Mines Royal* and *Mineral and Battery* Companies.
Gresham ceased to reside at Antwerp.
Gresham received the Huguenot Chatillon at Gresham House on behalf of the Council (Sept.).
Seizure of Alva's Treasure Fleet.
Beginning of period of commercial depression.

Principal Dates

1569 Rupture of trade relations with Spain.
Merchant Adventurers' Fleet left Antwerp for Hamburg.
A Discourse upon Usury written (by Dr. Thomas Wilson) though not published till 1572.

1571 Royal Exchange opened by Elizabeth.
Fresh legislation about Usury.

1572 Commercial truce with Spain.

1574 Final retirement of Gresham.

1575 Beginning of period of eleven years of good trade.

1576 Gresham placed on Commission to enquire into the working of the foreign Exchanges.

1577-1580 Voyage of the *Golden Hind*.

1578 Hansards expelled from the Steelyard in London.

1579 Death of Gresham.

1596 Death of Lady Gresham, and election of first Governors of Gresham College.

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